



Department for  
Business, Energy  
& Industrial Strategy

# Evaluation of Help to Grow: Digital

Final Evaluation Report

RSM UK Consulting LLP

September 2023





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# Glossary

Term	Definition
<b>Customer Relationship Management (CRM) Software</b>	A computer program that connects a business's different departments such as marketing, sales and customer service to have an integrated system.
<b>Digital Accounting Software</b>	A computer program that maintains account books on computers, including recording transactions and account balances.
<b>Digital technology voucher</b>	Refers to the discount coupon granted by BEIS which are intended for the acquisition of software services in the HtGD scheme.
<b>E-Commerce software</b>	A computer program with which businesses can operate online shops and sell products or services to other businesses or to consumers.
<b>Impact evaluation</b>	An evaluation that seeks to demonstrate that intended results follow from scheme activities whether directly or indirectly.
<b>Process evaluation</b>	An evaluation that aims to explain how complex interventions work.
<b>Reconciliation of voucher</b>	A reconciliation occurs when an SME uses their voucher token and pays for the product, including when finishing a free trial period.
<b>Redemption of voucher</b>	A redemption occurs when the SME uses their voucher token and starts using the product, even if on a free trial basis.
<b>Scheme</b>	Refers to the Help to Grow: Digital (HtGD) scheme.
<b>Vendors</b>	The collective term for businesses providing software to SMEs as part of the HtGD scheme.

# Abbreviations

Abbreviation	Definition
<b>B2B</b>	Business-to-business
<b>BEIS</b>	Department for Business, Energy & Industrial Strategy
<b>BIT</b>	Behavioural Insights Team
<b>BRO</b>	Business representative organisation
<b>CDDO</b>	Central Data and Digital Office
<b>CRM</b>	Customer Relationship Management
<b>ERC</b>	Economic Research Centre
<b>FSB</b>	Federation of Small Businesses
<b>GDP</b>	Gross Domestic Product
<b>G7</b>	Group of Seven
<b>HLQ</b>	High-level question
<b>HMG</b>	His Majesty's Government
<b>HMT</b>	His Majesty's Treasury
<b>HtGD</b>	Help to Grow: Digital
<b>HtGM</b>	Help to Grow: Management
<b>LEP</b>	Local Enterprise Partnership
<b>MI</b>	Management information

<b>MVP</b>	Minimum Viable Product
<b>RSM</b>	RSM UK Consulting LLP
<b>SME</b>	Small and medium-sized enterprise
<b>ToC</b>	Theory of Change
<b>VAT</b>	Value-added tax

# 1. Executive Summary

## 1.1 Background

Help to Grow: Digital (HtGD) was a £296m Government scheme that aimed to boost SME productivity levels. In 2022 the UK was the fourth highest of the G7 nations when ranked on GDP per hour worked and the HtGD scheme intended to contribute to closing the overall UK productivity gap (OECD, 2023)<sup>1</sup>. HtGD opened for applications from SMEs on 20 January 2022<sup>2</sup> with a minimum viable product (MVP) consisting of a voucher scheme for two digital product categories and a learning platform. A third product category, e-commerce, was added in July 2022. It was intended to run until March 2025 with a roadmap to include additional products, including a wider range of software, and one-to-one expert advice to SMEs. However, the scheme closed to applications in February 2023 following lower than expected uptake from SMEs. HtGD aimed to deliver its stated objectives through:

- An **online learning and advice website**, which launched publicly in January 2022. This provided information, online advice, guidance and tools to help SMEs understand the potential of digital technology in aiding their business growth and increased productivity.
- The offer of a **digital technology voucher** which provided a discount, capped at £5,000 to match a maximum of 50% of the cost of new software for SMEs for up to 12 months.

The original aim was to undertake a longitudinal process and impact evaluation of the scheme, including using a quasi-experimental design, up to the point of the intended scheme end in March 2025. However, the scope of the evaluation was revised following the announcement of the scheme's closure. The evaluation's purpose, and thereby the focus of this report, was updated to prioritise better understanding and evidencing:

- The short to medium-term outcomes for SMEs who participated in HtGD, in particular outcomes relating to technology adoption;
- The reasons why some SMEs did not participate; and
- Lessons in relation to the roll-out of future business support interventions, including from a scheme design, implementation, and administration perspective.

## 1.2 Methodology

The findings and recommendations presented in this report draw on the following data sources:

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<sup>1</sup> See [SN02791.pdf \(parliament.uk\)](#) (Accessed 13/07/2023)

<sup>2</sup> The originally anticipated launch date was October 2021 (source: evaluation Invitation to Tender documentation). The scheme opened in private beta in December 2021.



- **Application completion survey:** an online survey administered by (then) BEIS (Now Department for Business and Trade) to all SMEs that applied for a discount voucher. The achieved sample is 152 respondents, approximately an 11% response rate<sup>3</sup>.
- **Management Information (MI):** MI data collected by BEIS on the number of applicants, how many were eligible, voucher redemption rates and products purchased. This report includes sub-group analysis by software type redeemed, but not other categories such as sector, region or size of business as the sample size of each sub-group is too small.
- **Predictiv survey:** using an online experiment website (“Predictiv”), our consortium partners (BIT) conducted a survey with 1,003 eligible UK-based SME owners and managers to explore SMEs digital technology needs and what changes to the scheme’s design and offer might be most effective at boosting overall uptake. The initial evaluation plan envisaged using Predictiv at regular intervals to test new changes to the HtGD offer suggested by the evaluation before roll out to improve them with user experience in mind. Due to the early closure of the scheme, Predictiv was used only once to learn more about how the general population of SMEs identifies digital needs and taking steps to meet them.
- **Follow-up survey:** a survey administered online and by telephone for SMEs who successfully applied to the scheme. The survey primarily explored the **scheme’s** impact on SMEs. 106 responses were received, achieving a response rate of 9%.
- **Feedback survey:** an online survey embedded on the HtGD website, aimed at collecting anonymous feedback from businesses that visit the platform, regardless of whether they go on to apply for a discount voucher. 26 responses were received. Given this survey was embedded into the HtGD website, it is not possible to calculate a response rate. Due to limited responses, analysis of the feedback survey is limited.
- **One to one qualitative depth interviews** with SME redeemers (19), SME non-redeemers (1), SME non-participants (11), Help to Grow Management (HtGM) participants (8) and wider stakeholders (29).

In this report the data is triangulated across multiple sources where possible to draw meaningful conclusions and recommendations.

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<sup>3</sup> The survey received 226 responses however, 76 responses were incomplete (0% completion), and were therefore excluded from our analysis.

## 1.3 Key Findings

Our research sought to answer four high level questions (HLQs) that were agreed as part of early scoping discussions for this evaluation. The key findings against each of these HLQs are summarised below, with additional detail in the key findings in Section 4. Some findings are based on low sample sizes and should be treated as indicative and with caution.

### High Level Question 1

*How effective is the programme in recruiting businesses and ensuring they complete the programme?*

**The scheme was not effective in recruiting businesses.**

In a period of just over a year in which the scheme was open, HtGD received 1,507 voucher applications, of which 130 applications were ineligible. It was originally planned to run for c3.5 years, rather than one year. The objective was to support a total of 100,000 SMEs over the life of the scheme<sup>4</sup>. There were no annual targets for the scheme published.

Of the 1,377 discount vouchers issued, 830 (or 60%) were redeemed<sup>5</sup>. We are not able to identify reasons why 40% of SMEs who successfully applied did not complete their user journey<sup>6</sup>.

The largest proportion of applications (46%) were made by SMEs with fewer than 5 employees, which indicates the decision to expand the scheme's eligibility criteria to SMEs with less than 5 employees was a positive step towards increasing uptake of the scheme. However, stakeholders felt this did not result in the increase in uptake that was expected.

The profile of SME redeemers, as well as triangulated evidence from multiple sources, suggests a sizeable proportion were **digitally aware** and already knew what digital technology they needed. This finding suggests that the scheme **may not have reached as many of the type of SMEs it intended to reach**. It set out with the aim of reaching SMEs who were less aware of digital technology, what products and vendors were available, and how the digital technology could be utilised to support the business / business productivity.

A major barrier in recruiting SMEs was a **lack of awareness of the scheme**. SMEs cited signposting by scheme vendors as the most common entry point (27%). BEIS conducted **marketing and promotion activity at a national level, however the activity undertaken was inadequate to reach the target audiences at a more local level** according to SMEs and stakeholders. Some stakeholders interviewed felt that more intensive and targeted marketing through the diverse channels used could have helped with recruitment of SMEs.

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<sup>4</sup> This figure is based on HtGD identifying around 500,000 eligible businesses and targeting 20% of this cohort.

<sup>5</sup> See <https://www.gov.uk/government/publications/help-to-grow-digital-applications-and-voucher-redemptions> (Accessed 18/08/2023)

<sup>6</sup> The final sample of non-redeemers in the follow up survey and interviews was too small to draw conclusions.

## High Level Question 2

*To what extent is the programme successfully delivering high quality business support?*

**The application and redemption processes, particularly the website design and functionality, for the voucher were very effective in supporting SMEs to easily apply to the scheme and redeem their vouchers. However, some found the range of software available was insufficient and the scheme was inflexible in how the voucher could be used.**

The following elements were cited as positive by participating SMEs and stakeholders:

- SMEs surveyed indicated high levels of satisfaction (84%) with the time it took to complete an application and the time it took to receive a decision on their application.
- Although a small sub-set of SMEs (34%) engaged with learning materials, they cited high satisfaction with the comparison (73%) and diagnostic tools (76%).
- Over half (62%) of SME survey respondents that used the learning materials on the HtGD website agreed that they helped them choose one software option to ultimately purchase.
- Most SMEs were able to successfully redeem their vouchers with many of those interviewed citing positive experiences with scheme vendors as facilitators in adopting the new digital technology.
- Most SMEs also found the value of the financial discount (up to £5,000) on the software to be satisfactory. 75% of the follow-up survey participants suggested they would not have purchased the digital software without the voucher offer.
- Most stakeholders interviewed were impressed with the speed in which the scheme was set up and mobilised, citing the strong capability of the Civil Servants responsible for designing the website and associated processes.

However, SME redeemers, vendors, business advisory stakeholders, and BEIS stakeholders felt that some elements of HtGD were not of a high quality.

The following elements were cited:

- The range of software on offer was not sufficient in terms of variety and aligned to the specific requirements of target SMEs. E-commerce and accountancy software in particular **mostly valuable to the smallest (fewer than 5 employees) SMEs.**
- There was **insufficient flexibility in how to use the discount voucher offered.** For instance, some SMEs wanted to be able to upgrade the software package to include additional user licences so that new/additional employees could use the software<sup>7</sup>.
- Wider stakeholders pointed out that the HtGD design, communications, breadth of offer, and approach to vendor onboarding and availability were too narrow at the outset and

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<sup>7</sup> The HtGD business case stated upgrades of existing products will be permitted in some circumstances as 'new to firm', provided the outcome is to improve firm-level productivity.

**risk-averse**, i.e., prioritising measures to reduce fraud and assure potential applicants that products were tested and of a high quality. This limited the potential for the scheme to reach its target number of 100,000 SMEs over the life of the scheme<sup>8</sup>.

- Many stakeholders felt that there should have been **wider and more intensive consultation and engagement at the early scheme design stage**. They suggested, for example, engagement with Local Enterprise Partnership (LEPs), Chambers of Commerce or the Federation of Small Businesses (FSB). This could have provided HMT / BEIS with **SME / sector expertise and knowledge** to feed into scheme design decisions at an early stage based on in-depth knowledge of barriers / needs.
- This also includes the role these groups could have then played in terms of **promoting and raising awareness of the scheme among their members** if they had more of an input (and understanding) at the earliest stage.
- A perceived lack of **speed of decision making** (particularly on scheme changes / adaptations) by government in response to SME and other stakeholder feedback.

### High Level Question 3

*To what extent is the programme effective at building technology awareness and encouraging and supporting businesses to adopt new technologies?*

**Evidence to assess HtGD's effectiveness in building technology awareness is mixed.**

Multiple barriers and challenges were cited by SMEs who applied to HtGD. These included a **lack of tailored advice** for adopting digital technology as well as **capacity issues** and challenges with **implementing software into their existing systems**.

The scheme may have **strengthened applicants' awareness of digital technology and the benefits of technology to their businesses**. There is some evidence provided by SMEs who did interact with the learning materials on the HtGD website, with 59% suggesting the materials helped increase their knowledge of how digital technology can improve their business. However, this finding is based on a small sample. SMEs interviewed reported positive experiences with vendor support, citing being introduced to new ways of using their existing technology more efficiently.

There is clear evidence that a large proportion of SMEs were already digitally aware and knew the software type they needed. This indicates that the scheme may not have helped this cohort build their awareness and knowledge of digital technology. Despite this, evidence from interviews and surveys indicates that this group did benefit from support in deciding which software to purchase for their business or from upgrading their existing free trial versions (see HLQ4 below).

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<sup>8</sup> This approach was taken due to the enhanced scrutiny on public programmes following cases of fraud during Covid-19, see 'Risk Aversion' in section 4.2: HLQ2.

## High Level Question 4

*What early changes are businesses making as a result of participating in the programme?*

### **HtGD improved technology and efficiency outcomes for SMEs who redeemed their voucher.**

The evaluation found evidence from multiple sources indicating progress towards technology outcomes<sup>9</sup> for SMEs who engaged with HtGD. These outcomes include building greater awareness of digital technology, SMEs identifying further needs and SMEs being able to successfully adopt the software. As mentioned above, it is likely that most SMEs who engaged with HtGD were already aware of digital technology, however this cohort also reported some technology outcomes (beyond awareness of digital technology):

- Around 2 in 5 (41%) SMEs upgraded to other types of technology or purchased a new type of technology following engagement with HtGD. This finding was reflected in both redeemers and non-redeemers.
- SMEs who engaged with learning materials on the HtGD website (a small sample, see 4.2: HLQ2) ascribed high satisfaction and importance to them. Just under half (47%) of SMEs who engaged with the learning materials indicated that the HtGD website helped increase their confidence in implementing digital technology in their business (Table 9).
- SMEs who were already using free versions of software offered on the HtGD website benefitted from enhanced upgrades to their software, although some SMEs faced challenges in upgrading their software (see 4.2: HLQ2).
- For those SMEs in the research sample who had pre-existing knowledge of digital technology, the main benefit of HtGD was helping them come to a decision on the best software for their business, thereby allowing them to realise the benefits sooner than they otherwise would have.

**There is limited evidence that HtGD led to increased sales for SMEs.** This is due to not enough time having passed for some SMEs to see any changes in sales due to new software and small sample sizes of survey and interview respondents. **There is stronger evidence on other efficiency outcomes around improved business processes and efficiency:**

- Just over a third (35%) of SMEs in the follow-up survey cited an increase in sales either as a direct or indirect result of using digital software redeemed through HtGD, however this is a small sub-set of the overall sample. This was also cited as an outcome by non-redeemers; however, the sample is too small overall to indicate additionality of HtGD to these increased sales. There is limited qualitative evidence from a few SMEs interviewed who did report an increase in sales via CRM software which helped them improve customer management and business processes.

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<sup>9</sup> Outcomes were split into 'technology outcomes' and 'efficiency outcomes', see 'A Note on the Theory of Change' in Section 4.4: HLQ4.

- The main reasons provided by some SMEs for not being able to comment on an increase in sales were not having enough time passed since receiving their voucher, delays in transfer of their data from an old to the new system and needing more time than expected either to understand the software or train employees to use it.
- There is stronger evidence that SMEs experienced improvements to business process efficiency with over half of SME redeemer interviewees citing this outcome. The most common benefit cited by surveyed SMEs was time saved (e.g., reduced time spent processing and submitting tasks) with 60% of SMEs suggesting this. This was followed by 38% who felt the software helped free up staff time to undertake other tasks.
- Only 10% of follow-up survey respondents reported a reduction in unit costs with 73% noting no change.
- Around a third (37%) of SMEs suggested improved customer management following engaging with HtGD. Specific outcomes from SME interviews included better data and oversight of customer management information and being able to respond more quickly to customer requests.

A few SMEs cited a negative outcome of having to plan to bear the full cost of the software following the end of the 12-month voucher period, which puts them under financial pressure.

## 1.4 Recommendations (Summary)

Based on these key findings, we have identified the following recommendations.

### Recommendation 1

**Action:** Any future, similar business support intervention should ensure adequate stakeholder engagement to understand business needs and how to reach them in detail, including utilising more localised channels of promotion, including growth hubs from the outset.

**Why it is important:** SMEs had low awareness of HtGD and a more proactive approach could have improved uptake. Some stakeholders interviewed noted that LEPs and growth hubs have stronger and wider communication links with SMEs locally, and SMEs often turn to these organisations to find out about support. Growth hubs, LEPs and business representative or support organisations are also invaluable resources government should consult to develop schemes that successfully target specific business needs.

### Recommendation 2

**Action:** When implementing a large scale digital project in house, Government should ensure decision making is more agile, or can adapt in-flight to be more agile.

**Why it is important:** Stakeholders had positive views about BEIS's and the government's capacity to develop HtGD in-house rather than through contractors. However, there is a perception from stakeholders that HtGD did not make changes and improvements quickly

enough, particularly after the scheme was launched<sup>10</sup>, despite the scheme already factoring in the various levels of approvals and sign-off needed for decisions in the business case. This hampered the scheme's ability to achieve the ambitious objective of 100,000 supported SMEs.

### Recommendation 3

**Action:** Provide support to access a broader set of digital technologies from the outset.

**Why it is important:** SMEs who redeemed the discount voucher wanted to have access to more technology than those available under the e-commerce, CRM and accountancy software brackets<sup>11</sup>.

### Recommendation 4

**Action:** In addition to or alongside a discount voucher-based support intervention, explore the feasibility of offering tax incentives to SMEs who invest in digital technology adoption.

**Why it is important:** Discount vouchers helped businesses by reducing the financial burden of the chosen software. Vendors, however, felt that a tax incentive-based intervention could be a straightforward approach to supporting businesses to implement digital technology they purchase. This was supported by SME redeemers and non-redeemers who suggested a more flexible approach would have benefitted them.

### Recommendation 5

**Action:** Collate all available business support in one central website or explore improving connections between all business support through other avenues.

**Why it is important:** Businesses would like a single place to go to find out about all HMG and wider public sector support and support from bodies such as the FSB available to them as there is a wide spectrum of specific and general support programmes available to SMEs. It can be difficult to find and then access the right scheme.

### Recommendation 6

**Action:** One-to-one advice on how to identify business needs and implement appropriate digital technology is key to the success of new software within SMEs. Such advice should form a core part of business support interventions.

**Why it is important:** Advice for SMEs in the form of written materials like case studies and articles, though highly appreciated by some, was not an effective model for all businesses to understand their tech needs. Many SMEs surveyed and interviewed suggested a need for one-

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<sup>10</sup> The Business Case for HtGD had factored in the need for Central Data and Digital Office in Cabinet Office (CDDO) approvals and standards.

<sup>11</sup> To note, HtGD launched in January 2022 with a minimum viable product (MVP) and a roadmap to continually expand the offer over the lifetime of the scheme, including additional products, a wider range of software, and one-to-one advice.

to-one adoption support to help overcome the multiple barriers and challenges to digital adoption.

See section '6: Recommendations' for the full recommendation descriptions.



## 2. Introduction

RSM UK Consulting LLP (RSM) were commissioned by the (then) Department for Business, Energy & Industrial Strategy (BEIS)<sup>12</sup> to undertake an evaluation of the Help to Grow: Digital (HtGD) scheme. The scheme was launched on 20 January 2022 and closed to new applications on 2 February 2023<sup>13</sup>. The original aim of the evaluation was to conduct a longitudinal impact and process evaluation. The initial evaluation design included a quasi-experimental / counterfactual element. The team agreed a comprehensive evaluation plan with BEIS, including research tools, sampling and analytical techniques and a reporting strategy.

With the early closure of the scheme, the evaluation's objectives pivoted to focus on understanding the short to medium-term outcomes for scheme participants on their digital adoption journey and the reasons why businesses did not participate. This also included removing a counterfactual analysis of a comparison group drawn from secondary data sets. In addition, the evaluation aimed to assess what lessons can be learned in relation to the roll-out of future business support interventions from scheme design, implementation, and administration perspectives. To accommodate this revised focus, the evaluation design and methodology shifted to the new agreed method, detailed in the 3. Method section.

This evaluation focuses on the following High Level Evaluation Questions (HLQs):

**HLQ1:** How effective is the programme in recruiting businesses and ensuring they complete the programme? This includes:

- Marketing and recruitment of SMEs;
- Discount voucher applications and redemptions; and
- Profile of applicants and redeemers.

**HLQ2:** To what extent is the programme successfully delivering high quality business support? This includes:

- Discussion of the various elements of the scheme website;
- Engagement with vendors and scheme design; and
- Areas for improvement.

**HLQ3:** To what extent is the programme effective at building technology awareness and encouraging and supporting businesses to adopt new technologies? This includes:

- Challenges in technology adoption; and
- SME outcomes around awareness.

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<sup>12</sup> Now the Department for Business and Trade but referred to as BEIS in this report.

<sup>13</sup> See closure notice: <https://www.gov.uk/government/news/final-opportunity-for-businesses-to-access-help-to-grow-digital-scheme> (Accessed 13/07/2023)

**HLQ4:** What early changes are businesses making as a result of participating in the programme? This includes:

- Technology outcomes.
- Efficiency outcomes
- Other outcomes

Details on the methods used and considerations regarding how to interpret and use the findings in this report are included in the 3. Method section.

## 2.1 HtGD scheme and wider context

This section explores the scheme's various components, the primary aims and the relevant context.

### Overview of the scheme

HtGD was a £296m scheme that was originally intended to run from 2021 to 2025. The scheme launched with a minimum viable product and intended to expand over time to include more products and one-to-one support but was closed earlier than planned in February 2023. The scheme aimed to boost SME productivity levels, contributing to closing the UK productivity gap. It has the following components<sup>14</sup>.

- An **online learning and advice website** to provide SMEs with information, advice, and guidance.
- A **digital technology voucher** that provides SMEs with a discount of up to £5,000 covering up to 50% of the cost of a technology solution.

To be eligible for the scheme, businesses had to:

- be UK based;
- be registered with either Companies House or the Financial Conduct Authority's Mutuals Register;
- have between 1 and 249 employees (5-249 employees up to 24 July 2022);
- have traded for over a year; and
- be purchasing new to company software or significant upgrades<sup>15</sup>.

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<sup>14</sup> See [Help to Grow: Digital \(learn-to-grow-your-business.service.gov.uk\)](https://www.service.gov.uk/learn-to-grow-your-business) for the learning and advice website. Other scheme components have been identified in the original scheme Business Case and through consultations with stakeholders.

<sup>15</sup> The HtGD business case stated upgrades of existing products will be permitted in some circumstances as 'new to firm', provided the outcome is to improve firm-level productivity.

## Online learning and advice website

The online learning and advice website was launched in private beta in December 2021 and public beta in January 2022, and offered information, advice, guidance, and tools to help SMEs understand the potential of digital technology in aiding their business growth and increasing their productivity. The aim of the website was to tackle the information and knowledge barriers faced by SMEs in the technology market.

The website included material aimed at helping SMEs:

- Identify and understand their digital technology needs;
- Make informed decisions about selecting which products are most suitable to meet their needs; and
- Effectively incorporate these products into their business systems.

The website also hosted a **diagnostic tool** which allowed SMEs to carry out a self-assessment of their specific business needs, challenges, and digital capabilities to help them identify what direction they want to take their digital adoption journey. The tool was used to create a **dashboard of relevant learning and advice materials**. This was designed to help assess the specific needs of individual SMEs; this was especially important in helping those in hard-to-reach sectors, or with unique needs.

## Discount for digital technology

A digital technology voucher provided 50% of the cost of a new-to-company software up to £5,000 for SMEs for up to 12 months. The voucher aimed to tackle the **financial barrier SMEs face in adopting digital technologies**. Major software “upgrade” scenarios which also intended to increase firm-level productivity were also eligible. Potential applicants could review and compare available products through an **online comparison tool** which summarised key features of each product. These features included minimum contract terms, prices (excluding VAT), and free trial periods if applicable, among others.

Three categories of software were available through the HtGD website with a range of different features, price points and trial periods. Please refer to Annex A for more details on the products available.

- **Customer Relationship Management (CRM) Software:** Six vendors offering a total of 10 products.
- **Digital accounting software:** Three vendors offering a total of eight products.
- **E-commerce:** Seven vendors offering a total of 19 products (launched July 2022).

BEIS had a dedicated **vendor engagement and onboarding function** that was responsible for sourcing and approving vendors and their software. Vendors played a key role in the scheme by offering these digital technologies and software. To be part of the scheme, they had to apply to BEIS and commit to setting up processes and systems to link their websites to the HtGD website.

The digital technology voucher for a discount was distributed through a **voucher website** developed, hosted and managed by BEIS. Once activated through the website, SMEs had 30 days to redeem the voucher and purchase the digital technology product on the vendors' website, before the voucher expired.

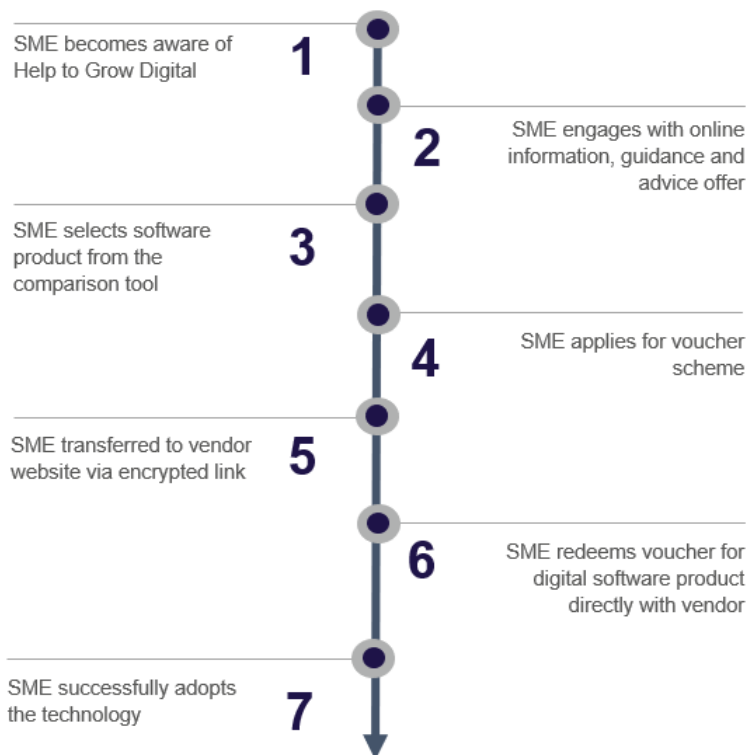
### One-to-one advice services

The scheme had plans to provide one-to-one advice to SMEs to help them successfully identify and adopt productivity-boosting digital technology. However, the decision to close the scheme came prior to this being offered to scheme applicants.

### SME Journey Map

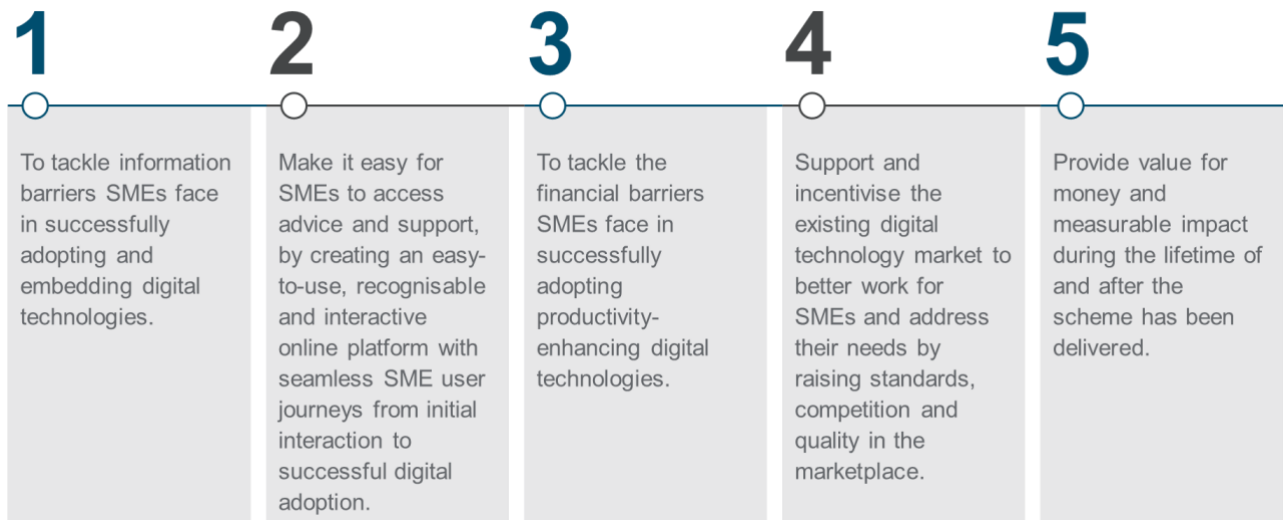
Figure 1 maps the journey that SMEs were expected to follow for purchase and adoption of digital technology through the scheme, excluding the one-to-one advice offer which was not launched before the scheme closed. Note, this process was based on a fully online journey.

**Figure 1: SME user journey**



## 2.2 Scheme aims

**Figure 2: Strategic aims**



## 2.3 Context and rationale for Help to Grow: Digital

### The problem

While HtGD had multiple dimensions and objectives, it primarily focused on:

**Figure 3: Scheme objectives**



The UK continues to have a significant productivity challenge compared with other advanced economies. In 2022 the UK was the fourth highest of the G7 nations when ranked on GDP per hour worked (ONS, 2023)<sup>16</sup>, and in 2020 almost 70% of the UK workforce were employed in low-productivity businesses, whilst France (2nd) and Germany (3rd) saw 60% and 65% respectively (Be the Business, 2020)<sup>17</sup>.

<sup>16</sup> See [SN02791.pdf \(parliament.uk\)](#) (Accessed 13/07/2023)

<sup>17</sup> Be the Business (2020). The UK's Technology Moment – why 2020 can be the year that changed our trajectory. Be the Business.

This productivity gap can be partly attributed to the “*long tail*” (Strauss, 2018)<sup>18</sup> of low productivity “*laggard*” businesses which act as a drag on the rest of the economy (Ardanaz-Badia et al., 2017)<sup>19</sup>. SMEs have become a focus for understanding the UK’s low productivity as most businesses in the “*long tail*” are in this group.

One of the ways BEIS aimed to address the productivity gap was by offering support to implement digital technology<sup>20</sup>.

### The wider ecosystem

The HtGD scheme sat within a spectrum of other complementary business support programmes. The programmes differ regarding the industry sectors prioritised and type of businesses they target, the regions they operate in, and the sophistication of digital technology / wider support offered. However, they have a common, long-term objective of supporting efforts to increase UK productivity.

The following examples reflect a selection of existing business support programmes at the time the HtGD scheme was implemented:

- The BEIS Help to Grow Management (HtGM) Scheme<sup>21</sup> focuses on developing SME management and leadership capabilities with the objective of increasing SME productivity. These programmes are complementary, and it is likely that early participants in the management programme will have interacted with HtGD via the digitalisation module. This is from the premise that leadership, developing an entrepreneurial mindset and effective management are among the main drivers of digital adoption. HtGM and HtGD are part of the government’s Help to Grow campaign<sup>22</sup> which offers advice and support to start and grow a business and to export and sell internationally.
- BEIS Business Basics (2018-2022)<sup>23</sup>, which funded a set of early experiments to test prototypes and robustly evaluate a range of interventions designed to increase firm level productivity and drive innovation through supporting and encouraging SMEs to adopt existing technologies and management practices.
- ‘Be the Business’ software advice guidance (2018-2022)<sup>24</sup>. A free advice website including tips and templates to help SMEs understand software needs and priorities.

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<sup>18</sup> Strauss, D. (2018). Is “long tail” of small businesses to blame for poor UK productivity?. Financial Times. [online] 15 Aug. Available at: <https://www.ft.com/content/f5e074ae-9734-11e8-b67b-b8205561c3fe> (23/03/2023)

<sup>19</sup> Ardanaz-Badia, A., Awano, G., Wales, P., Taylor, C., Heffernan, A., Weston, H., Oguz, S. and Walton, A. (2017). Understanding firms in the bottom 10% of the labour productivity distribution in Great Britain: “the laggards”, 2003 to 2015. ONS.

<sup>20</sup> See summary literature review findings in Annex C.

<sup>21</sup> See <https://smallbusinesscharter.org/help-to-grow-management/> (Accessed 11/07/2023)

<sup>22</sup> See <https://helptogrow.campaign.gov.uk/> (Accessed 11/07/2023)

<sup>23</sup> See <https://www.gov.uk/government/collections/business-basics-programme> (Accessed 11/07/2023)

<sup>24</sup> See <https://www.gov.uk/business-finance-support/be-the-business-uk> (Accessed 11/07/2023)

- Made Smarter programme (2017-ongoing)<sup>25</sup> aims to increase technology adoption in SMEs in the North-East, North-West, and West Midlands with the objective of increasing productivity.
- Evolve Digital Programme (2020-2021)<sup>26</sup> was focused on supporting small family businesses increase their digital technology capabilities to increase firm level productivity and remain competitive.
- Digital Catapult<sup>27</sup> offers programmes and interventions across the spectrum, seeking to remove barriers, de-risk innovation, open-up markets and shape future products and services. Interventions included supporting start-ups and established businesses, engaging investors and venture capitalists, working with government and public sector, and connecting with university researchers, to help develop and support innovation through advanced digital technology.
- Making Tax Digital (2015-ongoing)<sup>28</sup> is an initiative by HMRC to reduce the tax gap by requiring businesses to keep digital records, submit quarterly updates and use software that is compatible with the Making Tax Digital system. HMRC offers businesses webinars, guidance videos and regular email updates to support them to adopt digital.

The scheme therefore did not sit within a vacuum. SMEs had multiple other sources of support available to them alongside HtGD.

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<sup>25</sup> See <https://www.madesmarter.uk/> (Accessed 13/07/2023)

<sup>26</sup> See <https://www.businesswest.co.uk/digital-support-family-run-businesses#:~:text=Evolve%20Digital%20is%20a%20new%20fully%20funded%20programme,which%20could%20be%20improved%20with%20software%20and%20technology.> (Accessed 13/07/2023)

<sup>27</sup> See <https://www.digicatapult.org.uk/> (Accessed 13/07/2023)

<sup>28</sup> See [www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital](http://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital) (Accessed 11/07/2023)

## 3. Method

This section provides an overview of the methodology for this evaluation. It presents the data sources and analysis methods used. This includes key methodological and data limitations and considers what these mean for the conclusions and recommendations presented.

### 3.1 Data sources

The following data sources have been used to develop this report:

**Table 1: Data sources**

Data source	Description
Management Information (MI) Data	This consists of applicant data collected by the scheme including information on number of applicants and eligible applicants, voucher redemptions and products purchased, size and sector of business.
Application completion survey	An online survey administered by BEIS and sent to all applicants. This was issued via email within 2 weeks of applying with most participants having up to 6 weeks to respond <sup>29</sup> .
Predictiv survey	Using an online experiment website ('Predictiv'), our consortium partners BIT conducted a survey with UK-based SME owners or managers across 13-25 May 2022 to explore what changes to the scheme might be most effective at boosting overall uptake.
Follow-up survey	We surveyed eligible SMEs to follow-up on their experience with the scheme and any outcomes to-date at least three months after application.
SME redeemer interviews <sup>30</sup>	We conducted in-depth interviews with SMEs who redeemed their discount voucher at least six months prior to the interviews.

<sup>29</sup> A small number of applicants received the survey up to 2 months after they applied due to the programme pause period from September to October 2022.

<sup>30</sup> Note: We also conducted interviews with SMEs which successfully applied for the HtGD scheme but did not redeem the voucher. These interviews discussed why the SMEs applied and why they ultimately did not redeem the voucher. A total of 13 non-redeemers were contacted for interviews, with two reminders sent to each. Only one non-redeemer agreed to be interviewed. The sample comprised of SMEs who responded to the follow up survey and provided consent and an additional 11 SMEs who we removed from the follow up survey sample list to avoid contacting the same SME for multiple data collection approaches simultaneously without their consent.



Non-participant interviews	We interviewed businesses that did not apply for a voucher to gather insight into the reasons for businesses not applying.
Wider stakeholder interviews	We conducted interviews with vendors, trade bodies, business advisors, one-to-one advice providers / experts, policy stakeholders (in central and local government), and growth / enterprise hubs across different UK regions. The interviews covered the extent to which the scheme met stakeholder needs. Lessons learned were also a key focus of these interviews.
Help to Grow Management (HtGM) interviews	We conducted interviews with SMEs which participated in the HtGM scheme but not the HtGD scheme. These interviews covered the SMEs' knowledge, interest and awareness of HtGD as well as their experiences of digital adoption where relevant.

The data sources used in this report are explored in more depth in Annex D, including an overview of the analysis methods used.

## 3.2 Methodological reflections

Engaging with SMEs for research purposes is known to be challenging. This is largely due to increased constraints on their time<sup>31</sup>. To improve SME engagement in interviews we sent multiple reminders via email and contacted some non-redeemers for interviews, which was not originally planned.

Multiple steps were taken to increase the response rate for the SME follow-up survey. SMEs that applied to the HtGD scheme before 18<sup>th</sup> August 2022 were emailed the survey link as email addresses were the only available contact details. Multiple reminders to complete the survey were sent to these SMEs.

For SMEs that applied after this date, telephone numbers were also available. We decided to conduct a telephone survey for these SMEs as a further attempt to increase response rates. Response rates to the telephone survey were lower than expected. To mitigate against this, we recalled some of those who did not answer our call at the first attempt and emailed the remaining SMEs with a survey link. Whilst this did increase completions, the material impact was limited. When SMEs stated that they were too busy to complete a telephone interview, we also offered to email a survey link.

There are multiple reasons for lower-than-expected response rates, including:

- SMEs were more time constrained than expected.

<sup>31</sup> See [www.ey-seren.com/insights/smes-opportunity-in-overlooked-economic-sector/](http://www.ey-seren.com/insights/smes-opportunity-in-overlooked-economic-sector/) which, among other demands on their time, includes the need to spend more time on administrative tasks than larger companies tend to (Accessed 13/07/2023)

- Some SMEs (particularly non-redeemers) did not recall applying to the scheme.
- Some of the telephone numbers given would forward calls to automated systems.
- Some of the SMEs only received a small discount, so the time burden of a survey was viewed as disproportional.

Future research should consider that online surveys seem to work best for schemes like HtGD where the time or resource commitment from the SME is not that substantial, or where the support they receive is quite short-term. When conducting telephone surveys, using landlines rather than mobile numbers where possible is also more likely to elicit responses when contacting SMEs during standard work hours.

### 3.3 Limitations

Sub-group analysis has not been possible to conduct across the different data sources (including application completion and follow-up surveys, as well as MI data and interviews) due to small sample sizes<sup>32</sup>.

Many SMEs who we interviewed were already aware of the benefits of digital technology and knew the type of digital technology they wanted. In some cases, they knew the exact software they wanted based on their business needs. This meant they often did not use the diagnostic or comparison tools and learning materials such as case studies that were available via the scheme's website. Therefore, we have little qualitative evidence of the effectiveness and value of these aspects of the HtGD website. Additionally, the Predictiv survey was sent to SMEs who were already signed up to an online database and so were likely to be digitally aware already.

There have been challenges in recruiting SMEs who participated in the scheme and non-participants for interviews. A number of SMEs expressed that they were time constrained and therefore unable to take part in interviews. A small number of SMEs did not turn up for the agreed interview appointment slot / time. In addition, there is a possibility of self-selection bias with respondents more likely to engage if they had particularly positive or negative experiences. This may result in viewpoints that represent positive and negative outliers rather than views of the overall cohort.

Some SMEs were concerned about being involved in the interviews and requested the removal of their details from our database. This has resulted in less data collection around how SMEs used the voucher and on any benefits / outcomes.

The findings in this report about benefits or outcomes for SMEs from adopting the software are limited as they are based on a small number of SME interviews. Therefore, these findings should be treated with care and should not be interpreted as outcomes that are typical for SMEs.

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<sup>32</sup> While there is no standard rule for sufficient sample sizes, we would generally require ca 100 valid responses per sub group for statistical analysis.

Another limitation is that there may have been insufficient time for SME outcomes to materialise. SME outcomes are expected to materialise a minimum of six months after SMEs redeem the discount voucher. Some SMEs interviewed suggested they were either still in the six-month period or were still working towards fully implementing the software in their businesses. There is a risk that insights from these SMEs may not present a full picture of the benefits of the voucher for their business as they may require more time before they can to realise their outcomes. We have supplemented interviews with follow-up survey evidence to build on this evidence gap (see section 4.4: HLQ4).

## 4. Findings

In this section we present and interpret the evidence relating to the four HLQs this evaluation aims to answer. Each HLQ has its own subsection, including summary findings.

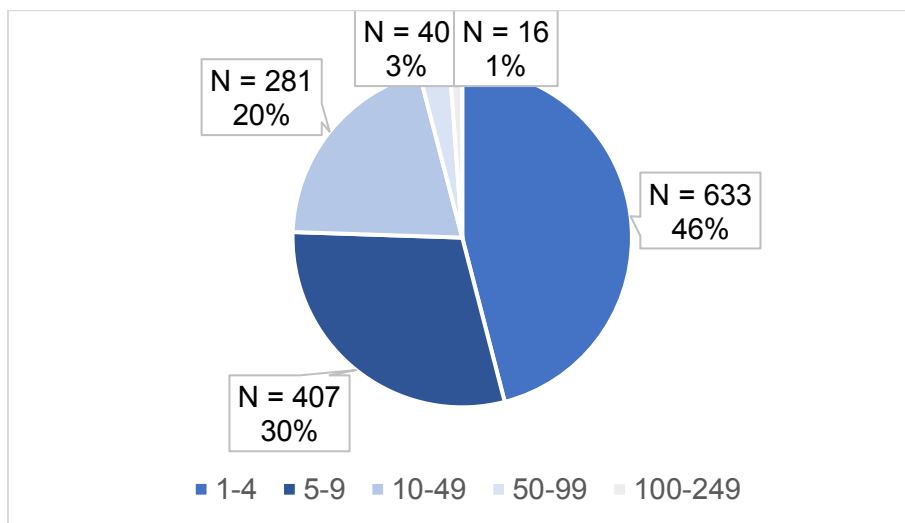
### 4.1 HLQ1: How effective is the programme in recruiting businesses and ensuring they complete the programme?

#### Overview of scheme take-up

The HtGD scheme aimed to support up to 100,000 SMEs to adopt digital technologies over the lifetime of the scheme (c3.5 years). Ultimately, take up of the scheme was lower than expected and therefore HtGD closed in February 2023. At the time of the closure of the scheme, 1,507 applications had been made for the discount voucher through the HtGD website, of which 1,377 (91%) were eligible to receive the voucher. 130 businesses (9%) failed the eligibility<sup>33</sup> checks. Of the 1,377 vouchers, 830 (60%) were redeemed and 547 (40%) were not redeemed.

Whilst the scheme aimed to support SMEs of various sizes, 46% of the eligible applications were made by SMEs with less than 5 employees (Figure 4). The most common industry sector for applicant SMEs overall was the wholesale and retail trade sector (Figure 7). Many of the redeemed vouchers (53%) were used to purchase CRM software (Table 3). The total value of the reconciled vouchers (830) equates to £823,504.96, with the average amount redeemed per voucher equalling £992.17.

**Figure 4: Successful applicants – Number of employees**



Source: BEIS HtGD MI (N=1377)

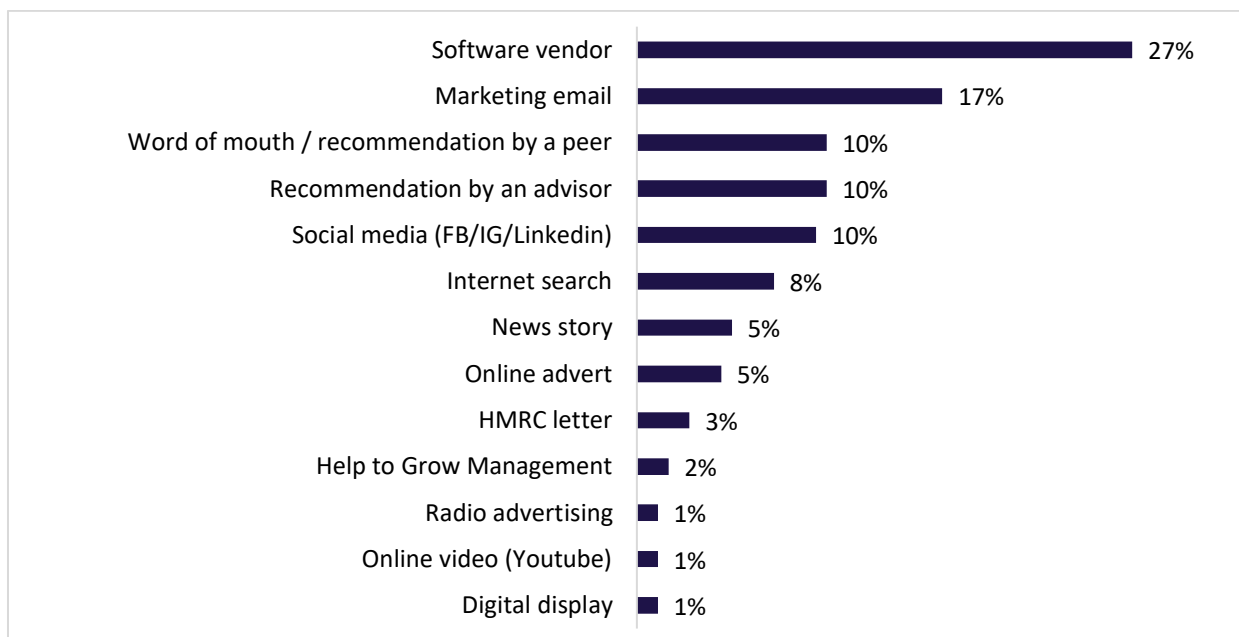
<sup>33</sup> These were: The business must be UK based, registered with either Companies House or the Financial Conduct Authority’s Mutuals Register, with between 1 and 249 employees (originally 5-249 employees), have traded for over a year, and must be purchasing new to company software.

The take-up of the scheme will be further explored in the following sub-sections.

### Motivations for applying

SMEs became aware of the scheme through a wide range of different channels including advertisements (radio, local press and social media), email, through introductory calls with vendors and word-of-mouth from other SMEs who used the scheme. Figure 5 shows that SMEs most commonly discovered the HtGD scheme through software vendors (27%), followed by marketing emails (17%).

**Figure 5: How SMEs heard about the HtGD scheme**



Source: HtGD application completion survey (no maximum number of options multiple choice, N=152)

Table 2 provides more detail on SME motivations in visiting the website. SMEs reported multiple reasons for accessing the HtGD website. The most common was to use the voucher to purchase additional software (24%) followed by those who had heard of the scheme and wanted to know more (18%) and those who were purchasing the first ever digital technology for their business (15%) (Table 2).

**Table 2: SMEs’ motivation for visiting the HtGD website**

Reasons for applying	N	%
To apply for the voucher to purchase additional digital technologies for our business	50	24%
Heard about the programme but didn’t know what it was about.	38	18%

To apply for the voucher to purchase our first ever digital technology for our business	32	15%
To take advantage of the discount to purchase technologies we planned to buy anyway	30	14%
To understand what types of technology could be accessed	28	13%
To learn about which specific technologies will benefit our business	25	12%
To get guidance about adopting technologies in our business	5	2%
Other	1	0%

Source: HtGD application completion survey (no maximum number of options multiple choice, N=152)

Of the redeemers interviewed, the majority engaged with the scheme because they wanted to purchase a specific product / software. A couple of SMEs had already used the free version of the software and wanted to upgrade to a paid-for version. Others found out about the scheme through discussions with a vendor they were interested in purchasing from who mentioned the scheme to them. Of the non-participants interviewed, some engaged with the scheme because they wanted a specific product not available on the scheme e.g. cyber security software.

6 out of 17 of the redeemers interviewed highlighted that they would have purchased the product anyway without the scheme, with many expressing that the cost savings was an added benefit for them. This indicates some **deadweight loss** in the scheme as the SMEs were already incentivised to purchase these products without the voucher.

*“I was purely motivated by saving money, I was already using the free version of the software and looked into it [the scheme] as I wanted to upgrade” – SME redeemer*

Another similar theme was also highlighted during SME redeemer interviews. i.e., scheme applicants that had a very clear view on what specific product they wanted and, as such, were able to navigate the applications and redemption processes swiftly and efficiently. However, in so doing, they often by-passed many of the specific scheme features / support functions including the diagnostic and comparison tools as well as the learning and advice materials. A small proportion of these SMEs from this group did suggest the scheme helped them decide on a software quicker, resulting in them realising the benefits sooner than they otherwise would have done (see section 4.4: HLQ4).

Throughout many of the interviews with both redeemers and non-participants, the main barriers faced by SMEs for adopting software is the **financial burden** of these products. Engagement in the scheme for many SMEs was heavily driven by the cost savings they could

benefit from with SMEs interviewed saying: “our only challenge is in terms of finance” and “these are very expensive packages; I cannot afford it without the voucher”.

### Redemption of voucher

Of the 830 vouchers that were redeemed, 53% were for CRM software, 24% for e-commerce and 23% for accountancy software.

Capsule (CRM software vendor) were the largest vendor by redemptions in the scheme, accounting for three of the top four products redeemed. There were 21 other products that had 20 or less sales each indicating that many of the products available had low take-up.

As table 3 shows, smaller SMEs (defined by number of employees) represented most redemptions in each software category. This was most prevalent in the accountancy and e-commerce categories, where SMEs with fewer than 10 employees represented 89% and 84% of their redemptions respectively. The software category with the most redemptions from larger SMEs was CRM, which had 36% of the redemptions coming from larger SMEs (10-249 employees).

**Table 3: Products redeemed using the HtGD scheme by business size (% , N)**

Number of employees	Accountancy		CRM		E-Commerce		Total
	%	N	%	N	%	N	N
<b>1-4</b>	58%	110	34%	146	62%	126	382
<b>5-9</b>	31%	60	30%	133	23%	45	238
<b>10-249</b>	11%	21	36%	157	15%	32	210
<b>Total</b>	100%	191	100%	436	100%	203	830

Source: BEIS HtGD MI (N=830)

Most SMEs (73%) redeemed less than £1,000 using the voucher. The voucher amount redeemed correlates with the size of businesses. This is likely due to smaller businesses requiring less sophisticated software solutions. Smaller SMEs would also require fewer software user licenses as they have fewer employees. This is reflected when the average value redeemed is disaggregated by the size of SMEs with smaller firms having redeemed less on average than larger firms (Table 4).

**Table 4: SME size and amount redeemed**

<b>Number of employees</b>	<b>Average (mean) value redeemed</b>
<b>1-4</b>	£483.57
<b>5-9</b>	£763.82
<b>10-49</b>	£1,906.34
<b>50-99</b>	£3,417.86
<b>100-249</b>	£3,499.33

Source: BEIS HtGD MI (N=830)

The average (mean) value of accountancy software redemptions was markedly lower than the other two software categories. This is reflective of the price of accountancy software packages that were available through the scheme. On average, CRM software had the highest redemption value (£1,345.64) followed by E-commerce software (£1,112.08) (Table 5).

**Table 5: Software category and average redemption value**

<b>Software category</b>	<b>Average (mean) value redeemed</b>
<b>Accountancy</b>	£57.88
<b>CRM</b>	£1,345.64
<b>E-commerce</b>	£1,112.08

Source: BEIS HtGD MI (N=830)

## Profile of SMEs using the scheme

The HtGD scheme aimed to support businesses from a variety of industry sectors. Whilst it initially was aimed at businesses with 5-249 employees, this was expanded to 1-249 employees on 25 July 2022.

The smallest SMEs redeemed the majority of the vouchers. SMEs with fewer than 10 employees represent 75% of the SMEs who redeemed the voucher. The largest group shown in Table 6 is SMEs with less than 5 employees which is reflective of the demographics of



businesses in the UK<sup>34</sup>. This is notable given that these SMEs were not eligible to apply for a voucher at the start of the scheme and therefore reinforces the rationale in adjusting the eligibility criteria to expand the reach of these smaller businesses.

**Table 6: Breakdown of redeemers by employee size band**

Number of employees	N	%
1-4	382	46%
5-9	238	29%
10-49	173	21%
50-99	28	3%
100-249	9	1%

Source: BEIS HiGD MI (N=830)

During in-depth interviews, policy stakeholders described increased take-up of the scheme following the reduction in the employee lower limit. **Both policy and business advisory stakeholders suggested that given the software available, the scheme was more useful for and attractive to the smallest SMEs.** Some stakeholders interviewed questioned the relevance of the products that were on offer through the scheme to anyone but the very smallest of businesses and, in so doing, the absence of more sophisticated products likely to be of more interest to medium sized businesses.

Business advisory stakeholders felt that even after the change in eligibility criteria, opening the scheme to firms with less than 5 employees, it was difficult to encourage considerable take-up from the smallest of SMEs, despite the scheme being best placed to help them.

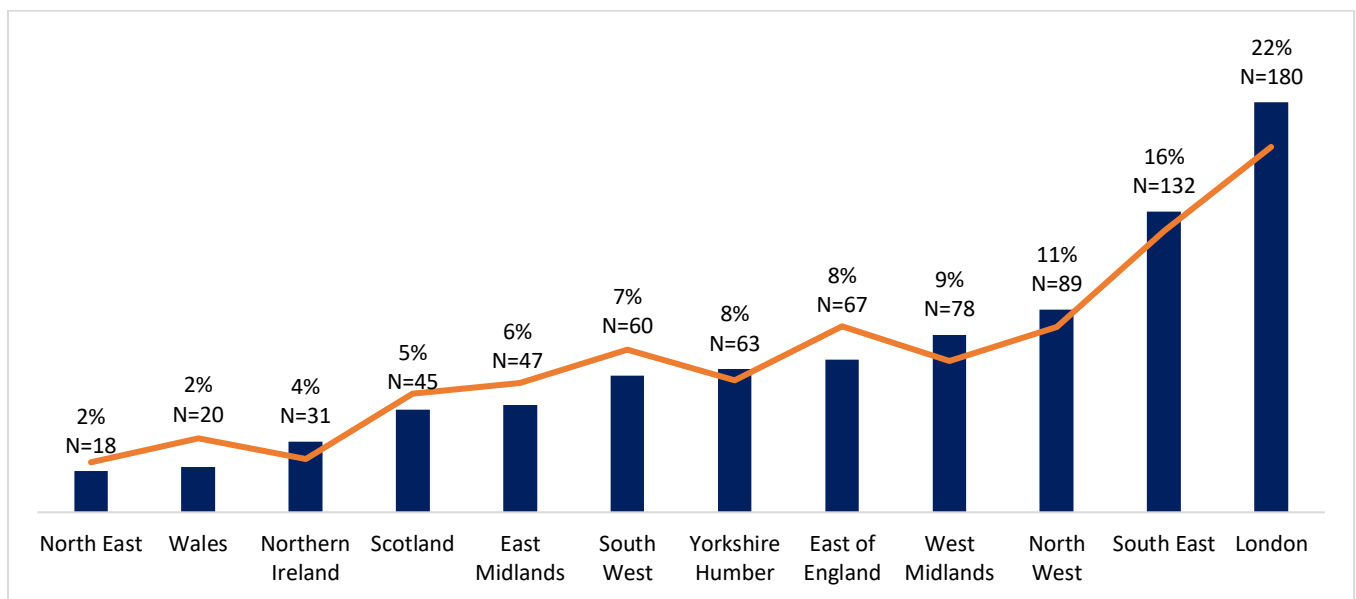
*“Most of the businesses we work with are small businesses, so the threshold having 5 employees left out ours. When it did open to the wider base, we promoted it again but there was not a big uptake. Most people were confused with this [low uptake] and what it means [about the scheme].” - Business Advisory stakeholder*

<sup>34</sup> Of 5.5m private businesses registered in the UK, 5.47m were businesses with 0-5 employees. [Business population estimates for the UK and regions 2022: statistical release \(HTML\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html) (Accessed 13/07/2023)

Predictiv survey findings indicated that smaller SMEs (1-4 employees) are more likely to want to upgrade existing technologies with larger SMEs (5-249 employees) keener to adopt new technology<sup>35</sup>.

The region with the most voucher redemptions was London (22%) followed by the Southeast (16%) and the Northwest (11%). The Northeast had the least amount of voucher redemptions (2%), redeeming less than half the amount of the vouchers than the East Midlands, who were the second smallest redeeming region in England. The devolved nations also had low take-up of the scheme, each representing 5% or less of the voucher redemptions (Figure 6). The orange trendline shows the general population of SMEs in the UK. As Figure 6 shows, HtGD scheme redemptions were broadly in line with the wider SME population<sup>36</sup>.

**Figure 6: Redeemers – Region**



Sources: BEIS HtGD MI (N=830), ONS SMEs by region and industry

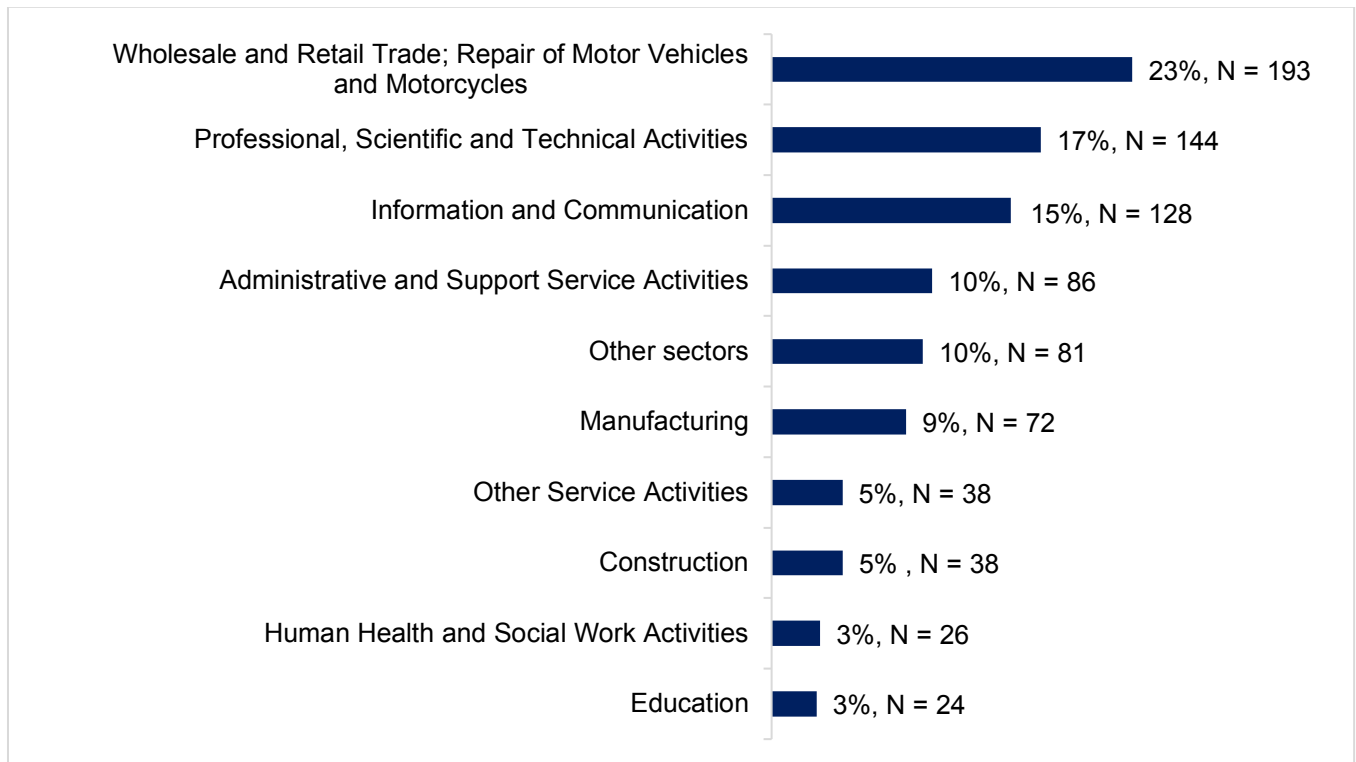
The sector which redeemed the most vouchers was the wholesale and retail trade sector (23%). The second and third largest voucher redeeming sectors were the professional, scientific and technical activities sector (17%) and the information and communications sector (15%) (Figure 7). This is broadly in line with the composition of SMEs in the UK. Construction-based SMEs did not fit this trend, representing 14%<sup>37</sup> of SMEs in the UK, but only 5% of redemptions. Potential reasons for this are unclear.

<sup>35</sup> Source: Predictiv survey (N=1003)

<sup>36</sup> See [SME by region and industry - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>37</sup> See [SME by region and industry - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

**Figure 7: Redeemers – Sector**



Source: BEIS HtGD MI (N=830)

Typically, the sectors that tended to redeem their vouchers are sectors with higher levels of digitalisation<sup>38</sup>. This suggests that the HtGD offering was more appealing to SMEs who already knew of the benefits of digitalisation. Some stakeholder interviews with advisors and growth hubs also highlighted this.

They argued that the SMEs that could benefit the most from digitalisation were unaware of the scheme and the benefits of digitalisation. This resulted in higher take-up in sectors which were already digitally aware, and arguably not reflective of the SME profile the scheme was targeting as a priority.

*“Some of them lack digital skills to even find it [the scheme] in the first place. The other barrier is they didn’t really think they needed it” - Advisory stakeholder*

### Non-redeemers

Of the 1,377 SMEs that successfully applied for the voucher, 547 (40%) did not go on to use the voucher (non-redeemers). Non-redemption rates were broadly consistent across SMEs, regardless of the number of employees they had.

<sup>38</sup> McKinsey and Company - How COVID-19 has pushed companies over the technology tipping point—and transformed business forever ([COVID-19 digital transformation & technology | McKinsey](#)) (accessed 13/07/2023)

## BEIS internal processes

The evaluation examined the process of designing and implementing the scheme and how this may have affected different aspects of the scheme. We sought views from BEIS policy team members, HMT, and also wider stakeholders such as advisors and vendors. Many stakeholders interviewed were impressed with the **speed in which the scheme was set up** given the tight timescales for launch. These views were shared by BEIS colleagues but also wider stakeholders such as advisors and vendors. They felt those involved in scheme design and delivery mobilised quickly and efficiently and that this was a **real area of strength for BEIS, resulting in a high-quality website with good functionality. The quality, efficiency and applicant friendly way that this was designed was credited by various stakeholders and clearly reflects a capability within the civil service teams.** This also provides useful lessons learned in terms of internal HMG teams leading on equivalent aspects of future schemes.

However, some feedback from a number of stakeholders highlighted that the decision-making processes of the scheme were perceived to not be agile enough. The Business Case for HtGD acknowledged a need for an agile approach while factoring in the various levels of approval and sign-off required for changes to the scheme, and this approach was signed off by the Central Data and Digital Office in Cabinet Office (CDDO) approvals and standards. In practice, interviewees felt that following initial set up, the decision-making process led to a disconnect between those delivering the scheme and those involved in the scheme design and decision making. For example, a stakeholder explained that “there was a lack of understanding of why people were doing something. It became challenging at times, slowed things down and created extra work.”

Some felt that certain decisions did not need the levels of approvals required. These issues may have had an impact on the ability to make timely and appropriate changes to the scheme in response to feedback from SMEs and ultimately impacted on the attractiveness of the scheme’s offer to SMEs. This is also reflected in feedback by vendors interviewed when requesting to lower the eligibility criteria for businesses with less than five employees, Who thought *"some of the changes that had been developed would have made a difference to the uptake volume, but they were too late overall"*.

## Reasons for low SME engagement

BEIS ran a national marketing and communications campaign via radio, social media, print media and engagement with business representative organisations (BROs) and others to provide an on-going promotional approach throughout the lifetime of the scheme, delivery. This also employed strategic bursts in line with scheme waves and key moments such as the introduction of e-commerce and website improvements. BEIS used both paid-for and free channels in this approach. BEIS also aligned some communications activity with HtGM to encourage those involved in that scheme to also take up the digital voucher.

Despite the development and delivery of a national marketing and communications campaign which boosted engagement with the HtGD website and result in a spike in voucher

applications, the number of applications remained well below the target and many stakeholders engaged via the evaluation felt the marketing strategy was a key reason for the low engagement of SMEs in the scheme, as explored below.

### **Marketing strategy / awareness of the scheme**

Non-participants and redeemers surveyed indicated that the scheme could have been marketed more widely, with more diverse methods and, overall, more effectively. Some claimed they came across the scheme by chance while searching for software online. Another suggested that many SMEs likely to benefit most from HtGD are not members of Chambers of Commerce or business associations and so require more creative/tailored marketing.

**Various stakeholder interviews highlighted SME's lack of awareness of the scheme.** In their interviews vendors suggested several reasons for the low uptake of the scheme. More than half of vendors cited **BEIS' approach to marketing and raising awareness of the scheme as a considerable reason for the scheme's low uptake.** According to both vendors and some of the BEIS policy team, SMEs did not have sufficient awareness of the scheme: one vendor explained that "*SMEs didn't know the scheme existed... It was a great idea that wasn't marketed or pushed in the right way*", another felt that "*there was a lack of marketing. The scheme was made to fail. If you aren't going to market it, SMEs will not be aware, and no one will sign up for it*". They also noted that for such a large, national scheme with backing from both BEIS and HMT, there was very little marketing. A vendor highlighted that "*given it was a national scheme, I thought there would be more national press*".

Multiple stakeholders (across all categories) felt that **marketing played a role in why the intervention was less successful than intended.** For example, that "*the initial national marketing campaign generated little leads, so it was stomped on to not waste more money*" and another explained that "*the campaign felt rushed*". Multiple interviewees suggested that there should have been more stakeholder engagement in the development of the marketing strategy such as with LEPs, Chamber of Commerce and through the vendors themselves. One stakeholder explained that the branding of the scheme was very rigid therefore potentially restricting vendors (and others) from promoting the scheme themselves.

During interviews with HtGM participants, most felt that there was no signposting of HtGD throughout their involvement in HtGM. A few of the participants suggested that during the digital module of HtGM it would have been a good opportunity to signpost to HtGD.

The engagement of local stakeholders in the development of the marketing campaign was an idea suggested by multiple advisors and representatives of growth hubs in their interviews. Several of these stakeholders felt that the marketing was "too generic" and could have benefitted from more localised strategies. For example, a representative of the manufacturing sector felt that the "*centrally controlled nationally driven marketing failed to take advantage of the benefits of leveraging local marketing messaging*".

Growth hub representatives explained that they had very little involvement with the promotion of the scheme. The growth hubs mentioned that they were predominantly involved in simple signposting activities and were not involved in promoting the scheme through specific

contractual arrangements with the department. **The low promotion via growth hubs may have contributed to the low engagement of SMEs in these regions.**

Several stakeholders highlighted the issues associated with raising awareness of a scheme targeted at SMEs specifically. An advisor explained that “*any scheme focusing on small businesses needs to give time for awareness to rise, SMEs may only think about these business issues once a year when they talk with their accountant*” and another explained that “*some of the SMEs which were being targeted lacked the digital awareness to even find it in the first place*”. A representative of a growth hub felt that more learning could have been harnessed from previous engagements with SMEs such as through the Made Smarter Market Research<sup>39</sup>. The research found that SMEs engage with channels such as the Chambers of Commerce for advice, and the representative felt that the scheme wasn’t fully integrated with effective routes to market.

## Changes to the scheme

Two advisors raised concerns about the eligibility changes having an impact on SME’s engagement with the scheme. **One felt that the expansion of the SME eligibility criteria was not communicated successfully to SMEs therefore they believe SMEs were confused about whether they were eligible for the scheme after the change.** Furthermore, another advisor felt that the changes to the scheme discouraged engagement as SMEs may have felt the inconsistent nature of the scheme could mean it may not exist at all, or to the same extent, in the future.

## External factors – impact of the pandemic

Several members of the BEIS policy team referenced the **impact of the pandemic as having a bearing on the success of the scheme.** The scheme launched in October 2021, 19 months after the beginning of the Covid-19 pandemic. Many of the team felt that in these months prior to the scheme launch, businesses had made substantial investments in technology to continue operating throughout the pandemic: “*the pandemic prompted many businesses to adopt digital technologies so it is likely that before the scheme, businesses might have already bought a basic accountancy software*”. Due to the scheme design, some businesses found it difficult to upgrade paid-for versions of technology through the scheme and could only make the initial purchase. **This excluded some businesses which had made investments in technology in the pandemic and wanted to upgrade to more advanced versions of the software.** Additionally, in a different vein, other stakeholders felt that in the economic climate of the end of the pandemic, businesses were facing increased pressures and therefore adopting new systems and learning how to use new technology was not a priority for many businesses.

## External factors – availability of other schemes

HtGD did not sit in isolation. There are multiple other business support programmes and initiatives that are available to SMEs that are designed to support them at different stages of their tech adoption journey. These include advice-based initiatives, eg, ‘Be the Business’<sup>40</sup>

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<sup>39</sup> [20171027\\_MadeSmarter\\_FINAL\\_DIGITAL.pdf \(publishing.service.gov.uk\)](#) (Accessed 13/07/2023)

<sup>40</sup> [www.gov.uk/government/collections/business-basics-programme](#) (Accessed 11/07/2023).

software advice guidance and Making Tax Digital<sup>41</sup>. There are also programmes which are more focused on directly supporting digital adoption, eg, Made Smarter. Although some of these are likely to have been complementary to HtGD, there is a possibility that having too many support options available may have reduced SMEs’ awareness or demand for HtGD to some extent according to some stakeholders interviewed.

For instance, a representative of the manufacturing sector presumed that the availability of more niche programmes for manufacturing businesses at the time, such as Made Smarter, were better suited to the needs of manufacturing sector (as an example) and therefore could have resulted in fewer manufacturing businesses taking part in the HtGD scheme. Made Smarter was also mentioned by two other stakeholders as an example of a successful scheme for boosting digital adoption in SMEs.

### External factors – cost of living crisis

Another factor that potentially impacted the target market for HtGD was the cost-of-living crisis which overlapped with the scheme. **Smaller firms faced increased day to day pressures of rising business costs and may have prioritised survival over digital innovation.** There is indicative evidence of this in the participant interview findings where some SMEs found they had to be judicious with their expenses but also their time and were resistant to adopting any new systems or changes unless the value was immediately clear to them.

### Predictiv survey findings

#### Online buying journeys

The Predictiv online survey asked 1,003 SMEs about the channels they use to find out about new technologies and acquire them. Just under half (45%) said they search online to find out about new technologies and 49% said they use online suppliers for their purchases (Table 7).

**Table 7: Percentage of SMEs that said they find out or purchase technologies through the listed channels. Where does your firm...**

	... find out about new digital technologies?	... purchase new digital technologies?
<b>Business advisor or consultant</b>	23%	24%
<b>Online through specific suppliers</b>	21%	49%
<b>General software and technology stores</b>	13%	23%

<sup>41</sup> [www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital](http://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital) (Accessed 11/07/2023)

<b>Specialist software and technology stores</b>	13%	22%
<b>Sales phone calls</b>	11%	13%
<b>Specific expos or conventions</b>	8%	10%
<b>Online search</b>	45%	N/A
<b>Online review sites</b>	26%	N/A
<b>Online adverts or offers</b>	25%	N/A
<b>Trade literature</b>	17%	N/A

Source: Predictiv survey (no maximum number of options multiple choice, N=1,003)

Only a quarter of the surveyed SMEs said they had never acquired technologies online. Over half of those who had never purchased technologies online had tried and failed, with the main reason for failure being a lack of information or guidance (47%)<sup>42</sup>.

### Barriers to adoption of new technologies

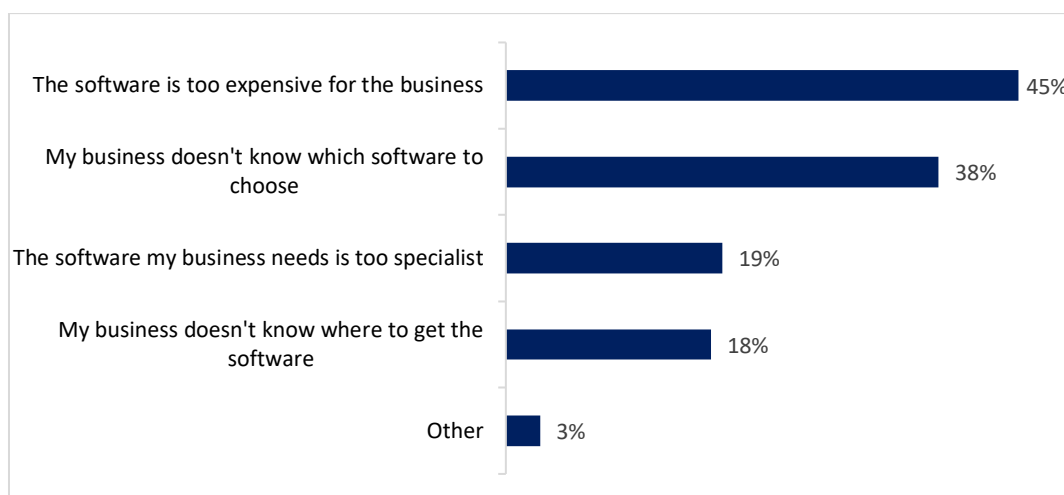
Out of the 1,003 participating SMEs, 75% said they would be willing to adopt new technologies. Among this group (N=757), 45% said the factor impeding them from adopting the software they want is the **cost**. An additional 38% said they wouldn't know which software to choose. **This signifies that there is scope for a considerable proportion of UK SMEs to make use of the voucher offered by HtGD in tandem with advice on digital technology adoption**<sup>43</sup> (Figure 8). The other 25% of SMEs that said they were unwilling to adopt any technologies reported that they don't need any software, or they do not rely on software. It should be noted that the sample of SMEs for the Predictiv survey was drawn from an online database therefore were likely to have been digitally aware to some extent.

### Figure 8: Percentage of SMEs citing the above reason as a barrier to adopting new technologies

<sup>42</sup> Source: Predictiv survey, base 1,003

<sup>43</sup> It should be noted that BEIS were aware of the importance of one-to-one advice and were in the process of developing such an advice offer when the decision to close the scheme was taken.





Source: Predictiv survey (no maximum number of options multiple choice, N=1,003)

## 4.2 HLQ2: To what extent is the programme successfully delivering high quality business support?

### Quality of the website

SMEs were asked about their experience of using the HtGD website and the various learning materials available. Visitors to the website could engage with tools (diagnostic tool and comparison tool) written materials (case studies and articles) and customer support. About 34% of survey respondents<sup>44</sup> claimed they had engaged with the learning materials provided.

Both participating and non-participating SMEs who accessed the website, were asked in interviews to reflect on their experience of the website overall. Some SMEs who claimed they did not engage with the learning materials suggested they had existing experience with digital technology, or already had an idea of what product they wanted. A small number of interviewees highlighted difficulties in understanding the eligibility criteria and navigating the website.

Each aspect of the HtGD website is described below with evidence from the Application Completion survey responses and SME and stakeholder interviews. Variations in the experience of application survey and interview respondents could be attributed to small sample sizes and selection bias of respondents (see '3.4 Limitations').

### Diagnostic tool

The diagnostic tool was intended to support SMEs to assess which software on the website met their business needs. SMEs reported high satisfaction with this aspect overall with 76% reporting they were either very satisfied or satisfied with the tool (Figure 10). Of the few SMEs

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<sup>44</sup> 52 out of 152 Application Completion Survey respondents

who used it, 89% found it to have at least some importance in deciding which software to purchase. (Figure 11).

In contrast to application completion survey respondents, some vendors felt the diagnostic tool was not as effective as it could have been in helping SMEs understand what technology they needed to purchase to fulfil their business needs. Several vendors interviewed reported receiving support requests from SMEs about their products through the scheme with the result being that the product was not appropriate for their needs despite having been signposted to it by the diagnostic tool.

A vendor explained that *“we got a lot of leads that couldn’t use our product for its intended use. The education piece here was missing”*. Some suggested a how-to-use demo video on each of the products could have been a valuable addition to the toolkit for potential customers. It is likely that the anticipated one-to-one advice would have, in part, addressed this gap if implemented.

### **Comparison tool**

The comparison tool was intended to support SMEs to choose a software best suited to their business needs by allowing them to compare the different products available. It achieved high SME satisfaction with 73% selecting they were at least ‘satisfied’ or ‘very satisfied’ (Figure 9).

Around 9 in 10 reported that the comparison tool had at least some importance in helping them decide which software to purchase (Figure 10). There is evidence from a few SME interviews that the comparison tool helped some SMEs who had been using a free trial of an existing software to compare it against other available software.

In contrast, vendors questioned the comparison tool’s effectiveness. Two vendors felt the comparison tool was not appropriate for the types of technology it was comparing: one vendor believed that *“the portal was aiming to do a like-for-like comparison. I don’t think that’s possible as every vendor tries to differentiate themselves, so to do a valid comparison is impossible”* and another felt that *“sometimes you were comparing apples with oranges. Maybe the website just required better descriptions of products”*. One vendor felt SMEs often had a fixed idea of which technology they needed before engaging with the scheme, making the comparison tool unnecessary for this group. While this idea is supported by findings from SME interviews in which the majority (15/17) claimed they engaged with the scheme because they wanted to purchase a specific product / software, some SMEs from this group found the comparison tool helpful to finalise their decision.

### **Case studies and articles**

The HtGD website also offered written materials such as case studies and articles outlining the benefits of adopting digital for a business and guides on how to adopt digital successfully. More than two-thirds (71%) of SMEs surveyed that engaged with these elements were satisfied or very satisfied with the case studies (Figure 9). 74% of SMEs reported case studies to have at least some importance in deciding which software to choose (Figure 10). Some SMEs provided feedback in the survey that case studies could be more diverse for example,

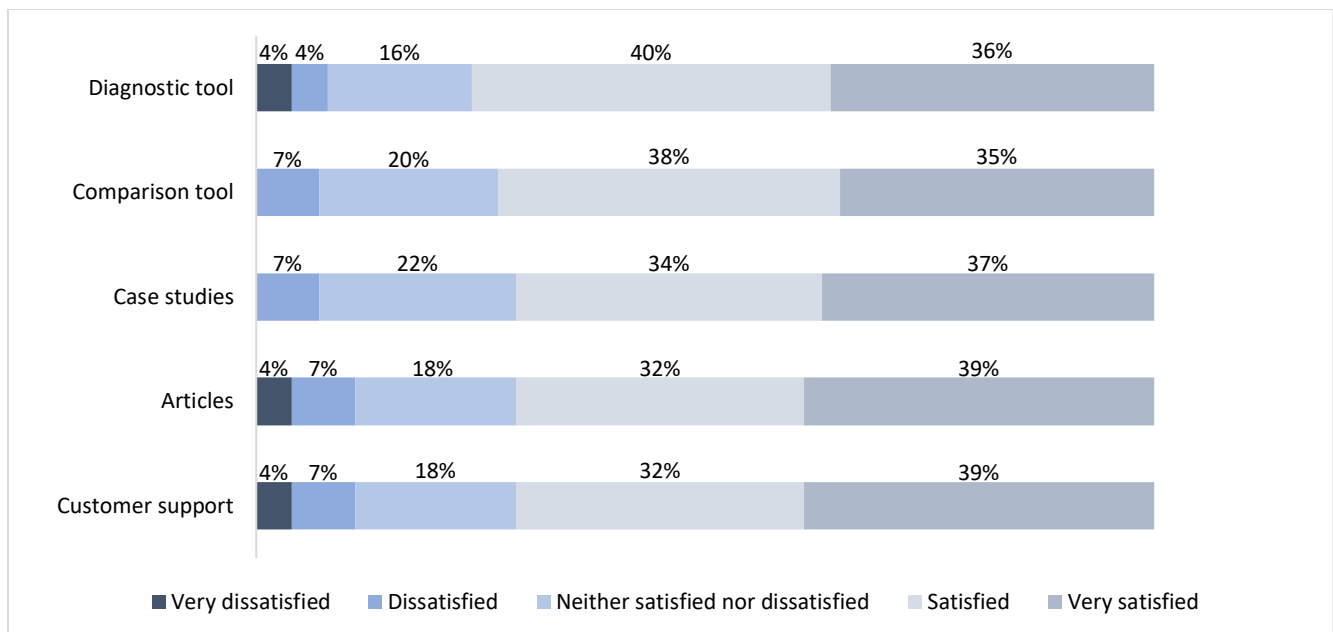
by including more women business owners or examples of ethical businesses. When asked about articles, SMEs showed similar levels of satisfaction with the articles on the website, with 69% satisfied or very satisfied (Figure 9).

### Customer Support

Of the SMEs who reported engaging with some form of customer support (via telephone or email), 71% were satisfied or very satisfied (Figure 9). 79% reported customer support to have at least some importance in deciding which software to purchase (Figure 10). One example of successful customer support was when an interviewee based in Scotland found their SME's company number was not initially accepted by the HtGD website. After leaving feedback, they found the issue had been resolved.

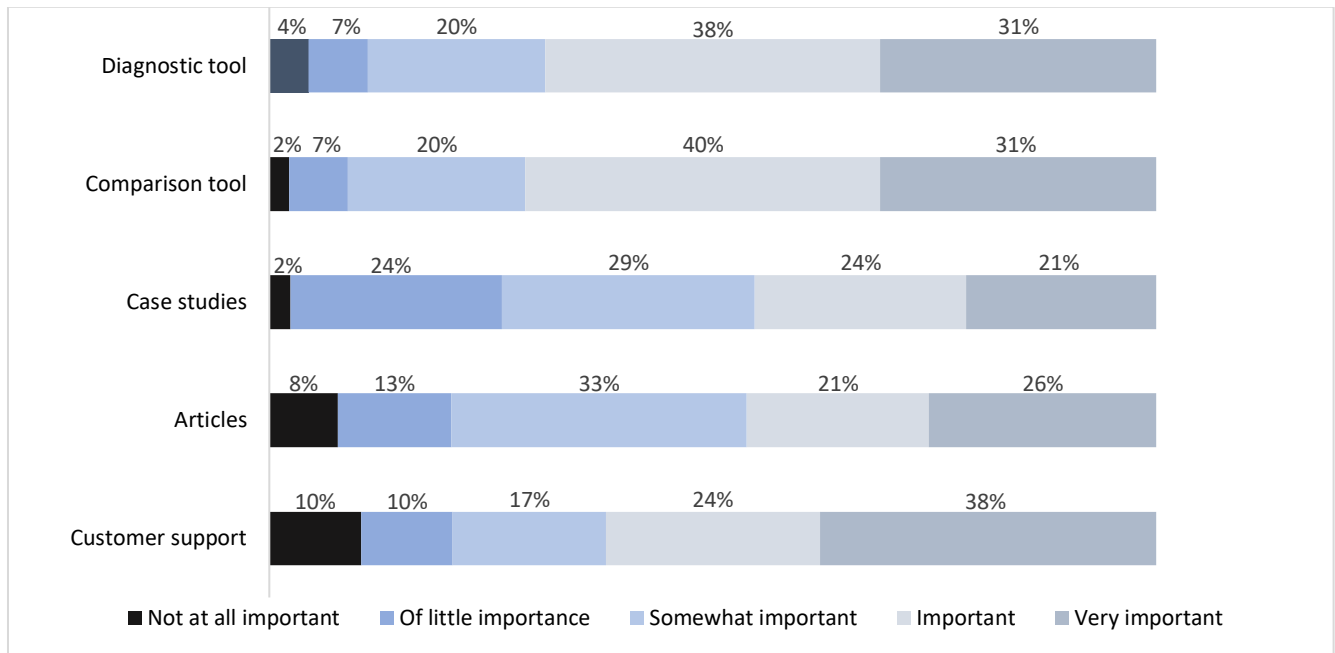
In the follow-up survey, 48% of respondents (N=84) reported needing additional support for implementing the integration of the software. Of those which received additional support 74% received this from the vendor or seller and 15% did their own online research. Very few respondents accessed support via the HtGD website (3%). 13% used business advisors (e.g., consultants) for support and 10% used the expertise of their own IT team.

**Figure 9: How would you rate your experience with...**



Source: HtGD application completion survey (single choice, N=45,45,41,36,28)

**Figure 10: How important was...in helping you decide which software to purchase?**

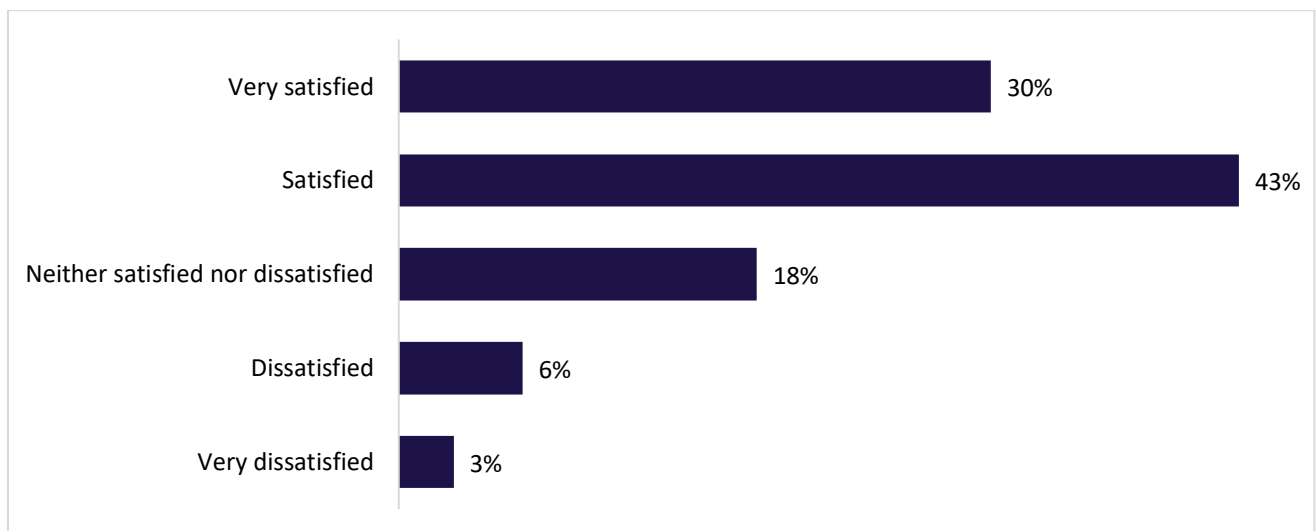


Source: HtGD application completion survey (single choice, N=45,45,42,39,29)

**Information on software available**

Almost three quarters (73%) of SMEs were satisfied with the amount and quality of information on software available through the HtGD website (Figure 11). 49% of SMEs agreed or strongly agreed that the learning materials helped them identify their business’ technology needs. Over half (62%) of SMEs agreed that the learning materials helped them choose a software option. This is further reflected in over half (51%) of survey respondents agreeing that the learning materials helped them learn about the purpose of each available technology (table 8).

**Figure 11: SMEs’ experience of information about software available**



Source: HtGD application completion survey (single choice, N=143)

**Table 8: Overall experience of learning materials**

Statement regarding learning materials	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
The learning materials helped me to identify my business' technology needs.	4%	14%	33%	39%	10%
The learning materials helped me to choose one software option to purchase.	2%	11%	26%	45%	17%
The learning materials helped me learn about the purpose of each available technology.	4%	4%	41%	41%	10%

Source: HtGD application completion survey (single choice, N=51, 47,51)

Some SMEs decided not to engage with the learning tools offered through the HtGD website. SMEs reported various reasons for this, but as Figure 12 shows, the most prevalent reasons were that SMEs already had the required information (27%), that they had insufficient time (23%) and that they valued the free trial offered more than the learning materials (22%).

**Figure 12: Reasons why SMEs did not engage with HtGD learning materials**



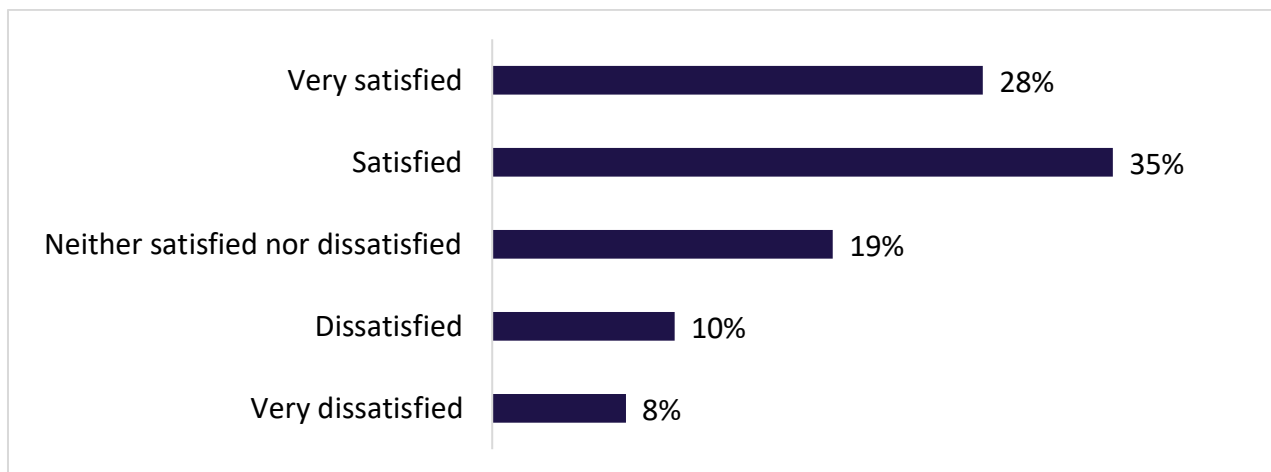
Source: HtGD application completion survey (no maximum number of options multiple choice, N=101)

## Product range available

Completion survey respondents indicated high satisfaction with the choice of software available, with 63% selecting ‘satisfied’ or ‘very satisfied’ (Figure 13). SMEs and HtGM participants interviewed, however, suggested they would have liked a broader product range, either thematically or within one area. A possible explanation for this divergence of views could be self-selection bias in the sample of SME interviewees.

*“There definitely could have been a few more options on the [website for] CRM. When I looked there were only 1 or 2 systems which weren’t the bigger ones on the market. [HtGD] Needs to have more software that people are familiar with. [Having the] big brands is important.” – SME interviewee.*

**Figure 13: SMEs’ experience of choice of software available**



Source: HtGD application completion survey (single choice, N=145)

Although stakeholders agreed that the products available through the scheme were appropriate and high quality, none of the stakeholders interviewed agreed that the range of products available through the scheme was sufficient.

A BEIS representative explained the issues which arose from being unable to secure some of the largest and most prominent technology providers in the UK: *“SMEs saw that some of the biggest players in the world were missing...People came and went immediately because of that”*. A stakeholder also suggested that the exclusion of these providers may have impacted on the reputation and of the scheme: *“with CRM for example there was a big player we expected to see, and they weren’t there... it threw people off to not see the providers they thought they would see”*.

Another issue was **the lack of diversity of products** with some stakeholders calling the offer *“too narrow”*, and *“basic”*. One example is of project management software which one interviewee suggested they would have liked to have seen offered on the HtGD website.

**It is important to stress, however, that it was BEIS’s intention to incrementally build the diversity and range of products available on the scheme over time i.e., by starting with a**

**small number of products proven to be of relevance and demand to SMEs and the overall scheme objectives, and to then (at a later stage) add to this once an early momentum had been established.**

One stakeholder made a comparison to the Go Digital programme in Singapore: *“there wasn’t enough choice. Other countries with similar programmes like Singapore have a much longer, diverse list of software available”*. A manufacturing sector advisor felt the main issue for manufacturing firms was a lack of niche / specialist software available through HtGD. The interviewee explained that *“I just don’t think it was specific enough for our sector. Manufacturing needs more niche software”*. There is some anecdotal evidence from other stakeholders and a few SMEs that the type of products on offer lent themselves more to firms involved in manufacturing products rather than services, which require other niche products. This may reflect a wider theme around demand for more product diversity for different businesses.

Despite this, 75% of the respondents (N=83) of the follow-up survey felt the technology they purchased using the discount voucher met their expectations. Therefore, the SMEs which ended up purchasing technology through HtGD were generally satisfied with it.

## Application and redeeming the voucher

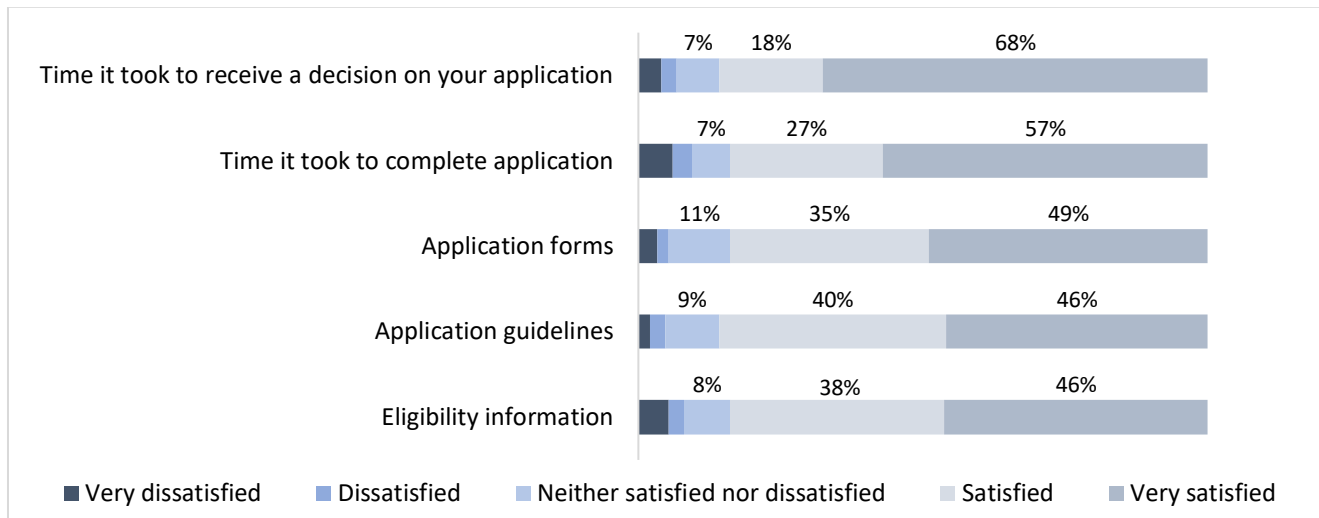
### Application process

SMEs rated their satisfaction with various aspects of the application process that was conducted through the HtGD website. **The eligibility information was clear with 84% either satisfied or very satisfied with this aspect. SMEs also found the application guidelines and application forms to be helpful with 86% and 84% either satisfied or very satisfied respectively** (Figure 14). Findings from SME interviews corroborate this, with multiple SMEs highlighting the simplicity and ease of the application process in comparison to other government schemes / funding they have applied for.

*“I found it very easy. My expectations were that it would be very difficult. But it was very easy, press a button and it goes!” – SME interviewee*

Positive aspects of the application process include the time taken to complete an application and how long it took for SMEs to hear back on the outcome of their application, with 57% and 68% of respondents in the ‘very satisfied’ category respectively. Although there is overall positive feedback on all aspects of the application process, these stand out as areas of high satisfaction. **SME interviews broadly reflected this with positive views on the speed and simplicity of the voucher application process.** Most SMEs interviewed indicated the website had clear instructions, and suggested the time taken to receive the digital voucher from application was quicker than they expected.

**Figure 14: SMEs’ experience of application process**



Source: HtGD application completion survey (single choice, N=149,148,149,149,148)

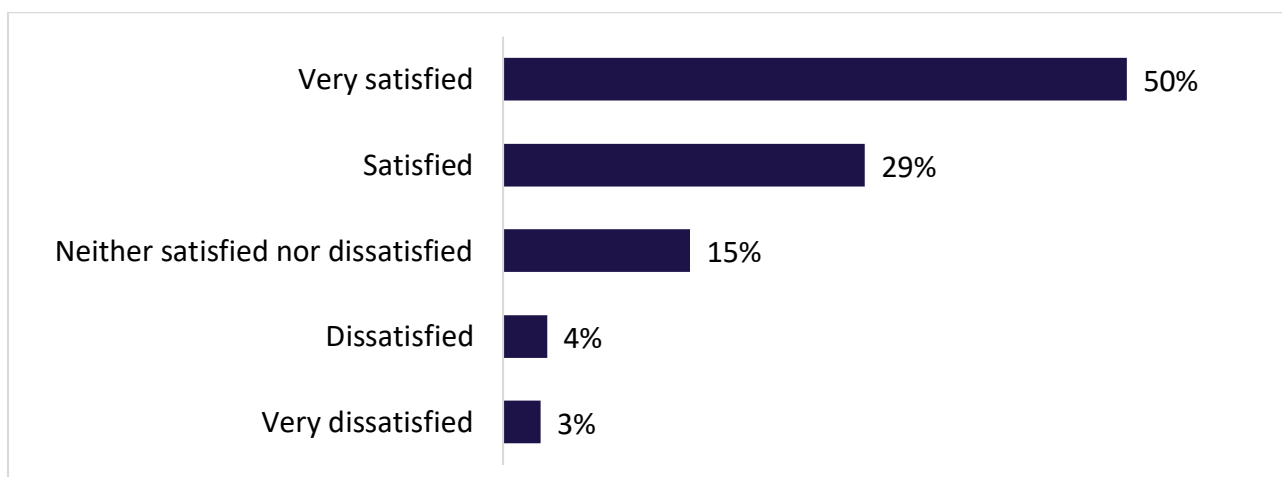
Members of the BEIS policy team and advisors interviewed felt the ease at which SMEs could apply for the voucher and redeem it was an area of real strength in the scheme: *“the digital portal worked well. It was quick and easy. They were able to apply and know if they were eligible in the time it took to make a cup of coffee”*. Most of the BEIS policy team interviewed felt that the *“digital journey for the consumer was smooth and slick”*, and that the barriers to entry were low, a theme that was broadly echoed by wider stakeholder groups.

**Redeeming the voucher**

An integral part of the application process is the transfer from the HtGD website to a vendor’s site after an SME has successfully applied for a voucher. Many SMEs surveyed found this process seamless with 79% either satisfied or very satisfied. Additionally, of the total responses, half indicated they were very satisfied with this process (Figure 15).

In the follow-up survey, 94% of SMEs (N=84) found the voucher easy to redeem and the vast majority did not report any issues with the redemption process.

**Figure 15: SMEs’ experience of transfer from HtGD website to vendor website**





Source: HtGD application completion survey (single choice, N=142)

In contrast, SME interviews indicate a mixed picture of experiences with redeeming their voucher. Around half of interviewees suggested the time taken to redeem their voucher was quicker than they expected. From this group, some highlighted positive experiences with vendors through prompt communication and support as contributing factors.

*“Redeeming [the voucher] was straightforward...and the communication with [vendor] helped.”*  
– SME participant

Some SMEs interviewed cited challenges in redeeming their vouchers. One SME redeemed the voucher earlier than they wanted to as they were expecting an intermediate step before submitting the application which would notify them before the application was processed.

*“I went through the application process only to find that I was at the Vendors site and getting the software! This scared me as I wanted a demonstration on the software and how it would be of benefit before I signed up for it.”* – SME participant

Including how-to-use videos in the comparison tool, as suggested by one vendor, may have helped overcome this particular issue.

Other open-text feedback in the survey indicated SMEs wanted a clearer opportunity to trial the software before getting to the buying stage. SMEs that faced challenges with integration of their systems with the vendor's software package raised different concerns. Some suggested they were unclear about whether the software had multiple licences or just one licence which meant having to re-assess how they would use the software. Others cited issues with existing licences and having to start a new process with vendors from scratch rather than upgrading their existing account. This was described as challenging for small businesses with limited time and capacity.

*“You couldn't use it on a system you were already using (I was on a Capsule free trial). But I wouldn't have chosen Capsule without the trial. I couldn't use the redemption code as I was an existing member, neither the grant provider [HTG Customer Support Centre] nor the provider [vendor] knew what to do. We got there in the end, but it was a bit painful.”* – SME participant

Interviews with stakeholders further corroborated that some SMEs were unable to use the voucher to upgrade to more advanced software. Multiple stakeholders including vendors, SME redeemers and advisors felt that this excluded a large number of SMEs from the scheme, particularly as many SMEs had started using a basic package in the pandemic out of necessity but could not then upgrade to the advance version they required through the scheme. Some SMEs interviewed who had existing free accounts with a vendor's software cited having to create new accounts in order to upgrade to the paid version.

A third (32%) of survey respondents<sup>45</sup> used a free trial of the software after receiving the discount voucher. 41% of respondents reported that no free trial was offered to them, and 16%

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<sup>45</sup> Follow-up survey (n=84)

reported that a free trial was offered but they decided not to use it. Of the 33 SMEs that used a free trial of the software, 76% felt it helped them understand the value of the software for their business before purchasing. Only 6% felt that the free trial period was not long enough to understand how their business would use the software.

Evidence from SME interviews indicate positive feedback on customer support from vendors in facilitating the integration of the software into their systems. Some participants fed back on a ‘*transition period*’ in which they had to migrate their data onto a vendor’s platform. There were mixed experiences on integrating the software, with some SMEs suggesting it took longer than they expected and others claiming it to have been a smooth process with adequate support from vendors. There is a gap in evidence around which types of software were easier to integrate and which ones posed unique challenges.

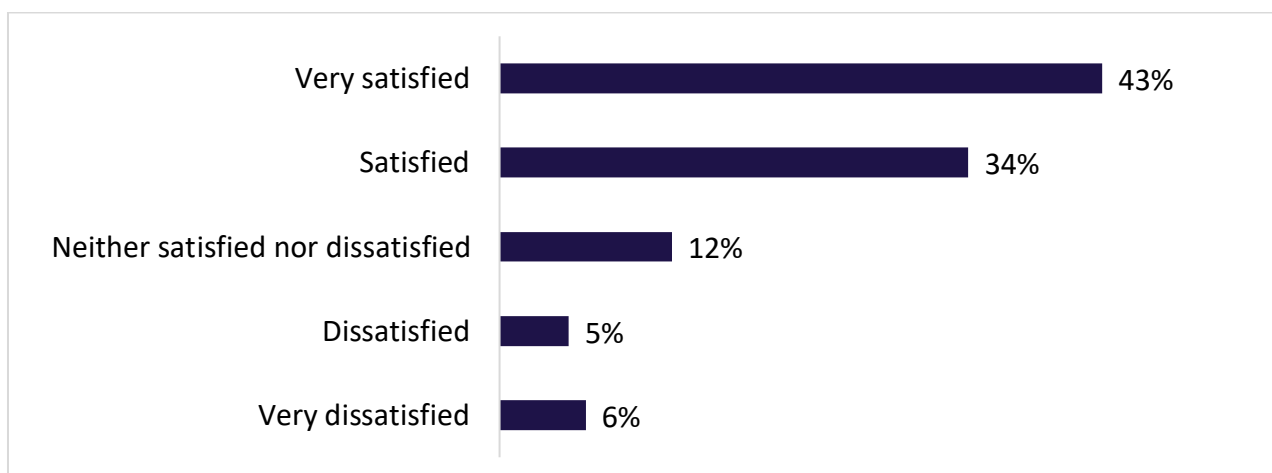
*“It took longer than I thought it would to get [the CRM software] going. It kind of worked but we found that when we were sending out emails there were issues. It probably took 6 weeks to [fully] switch over [from our old software to the new one]. After that it worked fine.” – SME interviewee*

Finally, there were some suggestions from surveyed SMEs that they would have preferred a voucher code rather than being redirected to the vendor’s website directly.

### Value of the voucher

Overall, SMEs were either satisfied or very satisfied with the amount of financial incentive received from the voucher (77%) (Figure 16).

**Figure 16: SMEs’ satisfaction with amount of financial incentive received**



Source: HtGD application completion survey (single choice, N=146)

Similarly, in the follow-up survey 71% of SMEs found the value of the discount sufficient for the package of software purchased, with only 20% thinking it was not sufficient. Following this, only 25% of follow-up survey respondents believe they would have purchased the software if the voucher was not available. This demonstrates the additionality of the scheme for SMEs.

SMEs interviewed who had positive views on the value of the voucher were more likely to have known beforehand the type or specific brand of software they wanted and had already planned to purchase it. One aspect that came up in open-text feedback in the survey and in SME interviews was that SMEs would have liked more clarity on whether VAT would be charged on the whole cost or just the cost of the discount. This led to some SMEs feeling confused and unclear on the actual value of the voucher.

*“I was charged VAT on the full value of the digital product, not on the discounted price. As a business owner I can only charge people VAT on the discounted price, according to government guidelines. This seems unfair.” – SME redeemer*

*“In budgeting this additional spend I don't think it was made clear enough that the government was not covering the cost of the additional VAT, this affects cashflow.” – SME redeemer*

Further anecdotal evidence from open-text survey feedback indicates that some SMEs felt the software most helpful for them is priced above what a small business could afford, even with the voucher. A few SMEs highlighted the one-year support period as being not long enough or stifling their ability to grow.

*“Is the scheme there to reduce expenses, or to help people start new things? It seems like a conflict of purpose...opportunistic rather than targeted. If I do upgrade [the software beyond the current voucher value] I would lose the voucher, so I have to stay on this plan for the whole year to benefit from it. If I grow and get to the next level, then [the support] is gone. Is it really helping [my business] to grow or getting the first foot on the ladder?” – SME interviewee*

## Engagement with vendors

### Vendor application and onboarding with BEIS

Around half of the vendors felt the application and onboarding processes were “straightforward” and “well executed”. Of the vendors which spoke positively of the application and onboarding processes, **they cited good communication from BEIS as a key reason for this**. For example, one vendor felt that “*communications were great, and problems were addressed quickly*”. Most of the vendors felt the amount of time taken and information required for the set up and onboarding processes were proportionate.

Some vendors felt there were several issues with the vendor application and onboarding processes and were particularly concerned about the fact that BEIS were not flexible enough. One vendor highlighted that “*BEIS had a fixed idea of how companies like ours sell products, it was far from reality*” and another vendor felt that “*BEIS were trying to get all the products to fit the same mould*”.

### Motivations for vendors' involvement

Most of the vendors felt that their involvement in the scheme would help increase brand awareness and result in increased sales, and some wanted to use it to access new markets.

The accreditation / backing from government (or the perception that this was the case) was brought up frequently in interviews with vendors as a motivation for joining the scheme. One vendor expressed that *“participating in a government scheme gives more credibility”* and another stated that the *“stamp of government was good from marketing perspective”*. Several vendors explained they expected a government backed scheme would have *“extensive marketing”* they would benefit from. The opinions of vendors and other stakeholders on the effectiveness of the marketing campaign has been discussed earlier in the report, but this motivation further highlights how important scheme marketing was.

Notably, most of the vendors felt that through their participation in the scheme **they did not aim/expect to diversify their customer base**, as SMEs already made up a large proportion of their customers and HtGD would not change the types of businesses they were targeting.

### **Changes to their products / processes**

Vendors highlighted the extent of the changes they had to make to their products and internal processes to take part in the scheme. One of the main changes made by vendors related to the **online buying process**. Two vendors had to develop a method to integrate voucher redemption into their buying processes. One vendor explained they had to develop a completely new online buying process for the scheme as they did not already have one.

Many vendors were disappointed with the level of effort they had to put into making changes for the scheme and then the subsequent quick closure of the scheme. A vendor explained that *“it took a lot of time. If it delivered what it promised it would have been a good investment of my time”*.

### **Outcomes for vendors**

**Most vendors interviewed did not experience the increase in sales they had anticipated, with only one vendor observing a notable increase in sales from SMEs.** Two vendors explained that the scheme helped raise awareness of their products, evidenced this through a large spike in their social media engagement and website traffic. However, one of the vendor representatives did not feel this increased engagement converted to many voucher redemptions. Throughout the interviews it was evident that any positive feedback came predominantly from smaller vendors.

Most of the feedback on outcomes experienced by vendors was negative. A few vendors highlighted that their involvement in the scheme was not a good return on investment. One vendor felt that *“there was lots of disappointment for staff”* and that *“the main negative was the impact on staff morale”*. Another vendor conveyed their disappointment with the scheme. For example, some vendors had specifically employed new staff to deal with the anticipated volume of applications based on the (assumed) scale of advertising and promotion activity that the scheme would be subject to.

No vendors felt that the scheme resulted in a change in their customer demographic. This is aligned with their expectations at the outset of the scheme, as vendors did not apply to the scheme with the expectation of changing the demographic of their customer base.

## Ongoing support from BEIS

Just over half of the vendors were positive about communications with and support from BEIS throughout their involvement in the scheme. However, vendors did express a number of areas for improvement. Most complaints about BEIS's support from vendors was regarding their experience of the **vendor portal**. Vendors felt BEIS's communication through the portal was slow and they sometimes did not receive responses back from BEIS at all. However, **vendors were highly positive about the vendor support team once they were assigned individual BEIS representatives as a single port of call for any issues they faced**. Issues that were mentioned by vendors included help with expired vouchers.

## Scheme design

Throughout interviews with all stakeholders, a common theme emerged regarding whether the scheme design was appropriate to meet the scheme objectives, with parameters too narrow. Many stakeholders felt aspects of the scheme design were not logical and lacked input from those with **expertise and knowledge about digital technology and the needs of SMEs**.

A range of stakeholders including vendors, advisors and trade body representatives felt SMEs required more support in the adoption of digital technology such as through the involvement of a 1-1 advice service at the outset of the scheme, which the Singapore scheme included<sup>46</sup>. A few vendors highlighted the feedback they received from SMEs about their need for advice, support and training to adopt digital technology into their business. Two vendors explained that many smaller SMEs do not have IT departments / specialists, therefore they need even more handholding and guidance in adopting and integrating technology into their business than larger SMEs (see section 4.3 for further details).

A number of other aspects of the scheme design faced criticism from interviewees, such as the inability for some SMEs to use the voucher to upgrade their software easily and the limited range of products offered through the scheme. These aspects are discussed in detail earlier in the report under Section 4.1: HLQ1.

Some stakeholders interviewed highlighted the lack of **sector and technical expertise utilised early in the scheme design and set-up as an important factor**. For example, expert understanding of the technology market, furthered by a lack of time to go out and understand it fully. Other stakeholders noted the absence of those groups / individuals that had this type of expertise and knowledge of the market – particularly at concept stage.

## Implementing stakeholder feedback

Several stakeholders highlighted that their engagement and input in the scheme was less than they expected.

Many vendors explained in their interviews that they had made inputs to and suggested possible changes to the scheme design and delivery including other changes to the SME

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<sup>46</sup> It should be noted that BEIS were aware of the importance of one-to-one advice and were in the process of developing such an advice offer when the decision to close the scheme was taken.

eligibility criteria and the marketing / promotion strategy. Several vendors felt that although BEIS obtained their feedback, it did not result in them actioning any change in the scheme design or delivery. One vendor explained that BEIS “*took feedback on but it was never implemented*”. Another vendor felt that feedback was encouraged too late in their involvement in the scheme to make any pertinent changes: “*our feedback at the onboarding stage felt retrospective rather than feeding into insights to help them build the scheme*”. It should be noted that although most vendors did not mention this as an issue, it was a major concern for a few vendors.

A growth hub representative felt that valuable learning from the Made Smarter programme was not reflected or implemented in the HtGD scheme design. According to this representative, the Made Smarter market research<sup>47</sup> contains valuable insights into how to raise scheme awareness relating to SME digital adoption and how to support SMEs post digital adoption.

### **Risk aversion**

The (perceived) high level of risk aversion in the design of the scheme was a recurring theme from multiple stakeholder interviews. They discussed the issues which they believe arose because of risk averse decisions being made in the design and implementation of the scheme.

Internal and external interviewees involved in scheme setup felt there was “*disproportionate attention*” placed on **due diligence processes** and the prevention of fraud in the scheme. The intention was to ensure the voucher would be spent with a vendor which was legitimate and reliable, especially in the post-pandemic context. However, many stakeholders felt the result was an “*overly rigid*” scheme offering products from a limited range of vendors. One stakeholder felt they “*ended up getting rid of good companies due to this low-risk approach, there was such a high bar to entry for vendors*”. Another felt the scheme would have benefitted from more “*liberal*” eligibility criteria, taking learnings from the Scottish government’s Digital Development Loan which took a more risk tolerant approach.

However, the heavy focus on due diligence and prevention of fraud was partly a result of the context and timing in which the scheme was designed and implemented. Following the pandemic, many government departments, including BEIS, faced high levels of public scrutiny regarding Covid response schemes which were more vulnerable to fraud. **As a result, it is certainly understandable that, given this context, BEIS were more cautious in designing this scheme to ensure a reduction in the risk of fraud.** In fact, in our assessment, if BEIS did take a different approach, it would likely have invited criticisms in this respect, reinforcing the challenges with getting the appropriate balance between managing risk and implementing a scheme with a large pool of suppliers at speed.

### **Unrealistic targets / expectations**

Stakeholders were concerned that the expectations and targets set for the scheme were not realistic. One interviewee felt the aim of supporting 100,000 SMEs through the scheme was “*unrealistic*” and another felt the “*objectives were wrong, clearly the targets were way too*

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<sup>47</sup> [20171027\\_MadeSmarter\\_FINAL\\_DIGITAL.pdf \(publishing.service.gov.uk\)](#) (Accessed 13/07/2023)

*ambitious*". Consequently, many interviewees believed the scheme was never going to reach its targets<sup>48</sup>.

Several interviewees felt that the scheme was not given enough time to attempt to meet its objectives, especially after changes were made to the scheme design and eligibility criteria.

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<sup>48</sup> BEIS' 2022 estimates of business population in the UK indicate almost 1.2m businesses had 1-9 employees in 2022. The data does not disaggregate by 1-4 and 5-9 employees so it is difficult to estimate how many more businesses became eligible when SMEs with less than 5 employees became eligible, but the number is likely to be significant. See: [2022 Business population estimates for the UK and the regions: statistical release \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) (last accessed 14/07/2023)

### 4.3 HLQ3: To what extent is the programme effective at building technology awareness and encouraging and supporting businesses to adopt new technologies?

#### Challenges to digital adoption by SMEs engaged in the scheme

SMEs who redeemed the digital voucher and those who expressed interest but did not participate in the scheme (non-participants) were asked about the challenges they faced as small businesses with adopting digital into their day-to-day work.

A theme that emerged was a lack of advice for small firms around the benefits of and how to adopt digital in their business. SMEs cited private IT consulting as a potential solution that they had used previously to help them manage digital aspects of their business, however many claimed this was an expense which some used irregularly or as needed rather than on a consistent basis. One alternative scheme that was cited in SME interviews was the 'Elevate digital' scheme run by a local council that helped small businesses use digital printers. Feedback from SMEs who used the voucher and non-participants indicated they would have liked more one-to-one support to help them understand how to integrate the software into their business model.

*"I think SMEs wanted digital consultants...to help build their website or social media. They needed someone to take them on that journey [of digital adoption]." - Non-participating SME*

**Capacity** is another challenge that came up for SMEs in adopting digital. As per the application completion survey, only 16% of respondents had a dedicated IT budget<sup>49</sup> and 15% had dedicated IT staff<sup>50</sup>. This reflects the reality of small businesses in which founders and senior team members must take on multiple roles, including IT, or outsource their IT. In contrast, some of the SMEs interviewed indicated **strong prior knowledge of digital with some already using multiple software packages**. This is demonstrated in Figure 12 above where SMEs claimed they did not engage with learning materials on the website as they had prior knowledge of digital technology. This is also corroborated in SME interviews in which all respondents claimed they were looking for a specific product when accessing the HtGD website. For these users, automation and improving efficiency was key to save time and capacity for strategic and business-critical tasks.

Fewer interview respondents suggested finding the right software as a major challenge for them although some highlighted needing additional support to help them decide on a software package. Although this challenge is framed around knowledge of digital, some interview participants suggested it was more about **resourcing and having to make decisions with a limited budget**. For this group, knowing that the software they will purchase will work for them before they purchase it is a major factor influencing their decision as it takes a larger proportion

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<sup>49</sup> 20 out of 123 Application Completion Survey respondents

<sup>50</sup> 19 out of 124 Application Completion Survey respondents



of their budget than it would for larger firms. This may, to some extent, vindicate BEIS' decision to start with this type of more well-established and recognised software products and vendors.

*"I don't have time or money to invest in something that hasn't been proven. I have wanted to change our CRM for 5 or 6 years; we have something personalised but its cranky. I would rather live with something I know." - Non-participating SME*

Those SMEs interviewed who claimed to have existing knowledge of digital suggested a challenge around various software packages integrating with each other to form a cohesive system. Examples of inefficiencies included some SMEs having to enter customer information into an Excel spreadsheet and then upload this to their free version of a CRM platform. They then had to use that same spreadsheet to send emails via a separate platform e.g., Mailchimp. **What they needed was a system that could integrate all these systems in an automated way to save them time and give them better data on how they are reaching customers.**

Finally, there is evidence that small businesses are time-poor which limits their capacity to implement a major change to their systems. Some interviewed participants suggested that if they have a setup that is working then it is not worth the effort to make changes by introducing a new software. Additional training costs were mentioned by some as another barrier to introducing new software, particularly if they have a workforce that is less familiar with digital technologies. New accounting software was mentioned multiple times as something that SMEs would be less willing to shift to as they saw it as their finance team / accountant's realm of expertise or suggested the process would be too complex and time consuming to transfer over.

*"We have problems with our existing accounting software, so I thought it good to take advantage of this offer. But if I had to transfer our accounts to a new package then I would need to have further support - in person, not digital. Too scared as a small business to go through headaches and time we just don't have." – SME participant*

## Evidence of technology awareness built in participating SMEs

One of the ways the HtGD scheme intended to build technology awareness and encourage digital adoption was via the website. Of the 34% of survey respondents who engaged with the learning materials, just under half (47%) of SMEs agreed, or strongly agreed, that the learning materials on the website helped them identify the value of digital technology for their business. A greater proportion (59%) agreed, or strongly agreed, that the learning materials also contributed to their understanding of how digital technology can lead to improvements for their business (Table 9). Although this indicates that the website was useful for SMEs with low digital awareness, around two thirds of survey respondents did not engage with the learning materials with the most common reason being prior knowledge of the materials (Figure 12).

Of survey respondents that had used the learning materials, 47% reported that the learning materials on the website increased their confidence in implementing the digital technology in their business (Table 9). This reflects the findings shared above on the high importance of the learning materials to helping some SMEs adopt the digital technology (see 'Quality of website' section - 4.2: HLQ 2). This further builds the case for the learning materials on the website being a key factor in supporting digital adoption amongst SMEs who used them.

**Table 9: Contribution of HtGD website to increasing awareness of digital**

<b>Statement regarding learning materials</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree<sup>51</sup></b>	<b>Agree</b>	<b>Strongly agree</b>
<b>The learning materials on the website helped me develop, or increase, confidence in the implementation and the use of digital technology in my business.</b>	8%	4%	41%	37%	10%
<b>The learning materials helped me to identify the value and benefits of digital technology to my business.</b>	4%	6%	43%	37%	10%
<b>The learning materials helped me to increase my knowledge of how digital technology can improve my business.</b>	2%	8%	31%	49%	10%

Source: HtGD application completion survey (single choice, N=51)

As described above (see ‘Quality of website’ section - 4.2: HLQ 2), participants showed high satisfaction with the case studies and articles on the website, indicating that the learning materials on the website did contribute to increasing awareness of digital technology amongst those who interacted with them. There is diverging evidence from SME interviews (19 redeemers) in which most respondents suggested some degree of existing knowledge of digital prior to applying to the scheme. Almost all claimed to have not engaged with the written learning materials while some did use the comparison and diagnostic tools, however this reflects evidence that tech-savvy applicants may not have felt the need to engage with these materials. Findings from interviews also suggest that SMEs’ familiarity with digital did not change as a result of engaging with the scheme. As mentioned in the limitations section above, self-selection bias may account for divergent views between the survey and interviews.

The follow-up survey explored the extent to which the scheme contributed to, or prompted, a range of actions and outcomes for businesses (figure 17). SMEs selected multiple options of which the following were the most common: 41% of respondents felt that the scheme helped them to identify what type of software their business needed, 39% felt the scheme increased their knowledge of how digital technology can improve their business, 38% felt it helped them

<sup>51</sup> It is unclear what the reasons for the high proportion of ‘Neither agree nor disagree’ responses are.

to assess the costs and benefits of a new software and 34% felt the scheme helped them to shortlist potential software providers. Although the top four outcomes are pertinent to the overall objective of creating or enhancing digital awareness of SMEs, this should not be viewed as representative of the overall sample due to low response numbers.

**Figure 17: To what extent has Help to Grow: Digital contributed to, or prompted any of the following?**



Source: HtGD 6-month follow-up survey (no maximum number of options multiple choice, N=74)

### Alternative methods to encouraging and supporting businesses to adopt new technologies

Vendors discussed in their interviews alternative ways to encourage and support businesses to adopt new technologies. A couple of vendors suggested a tax relief approach which would give businesses the choice to select which vendor and product they could purchase.

One of the vendors recommended an approach taken by the Australian Government. The Australian Government’s Small Business Technology Investment Boost scheme offers small businesses an additional 20% tax deduction for qualified expenses incurred for business digital operations such as for cyber security systems or subscriptions to cloud based services<sup>52</sup>. The vendor felt *“it is a more effective way to achieve what BEIS are trying to achieve rather than a voucher scheme”*.

<sup>52</sup> [Small Business Technology Investment Boost and Small Business Skills and Training Boost | Australian Taxation Office \(ato.gov.au\)](https://www.ato.gov.au/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/) (Accessed 13/07/2023)

## 4.4 HLQ4: What early changes are businesses making as a result of participating in the programme?

This section outlines early findings from SME interviews and the follow-up survey on how SMEs are using the vouchers and any benefits they have observed since doing so. As noted in the methodology section, it may be too early to observe any outcomes for some SMEs as they had only just started using the software.

### A note on the Theory of Change

As outlined in our Theory of Change (see Annex B), SMEs at an early stage were expected to benefit from the voucher in multiple ways. The logical flow of the outcomes suggested that successful adoption of the technology by SMEs ('technology outcomes') would result in 'efficiency outcomes' for their business.

Technology outcomes include SMEs recognising the value of digital technology, SMEs identifying further needs and SMEs being able to successfully adopt the software. There is more evidence for technology outcomes based on surveys and interviews conducted with SMEs as they largely covered the application, voucher redemption, and initial software setup stages of the process (see sections 4.2 HLQ2 and 4.3 HLQ3).

Efficiency outcomes are sub-divided into increased sales, improved customer management, improved invoicing processes and improved business processes. Interviews with SMEs who were successfully able to implement their software found evidence across some but not all areas. This depended on how recently prior to the interview SMEs had redeemed their voucher, how long they had been using the software and various individual contextual factors (business strategy, market opportunities, staff turnover, etc.).

There is some correlation between the type of software SMEs used and the type of outcome, for example, accounting software users were more likely to only suggest improvements to their invoicing processes and improved customer management was largely attributed to CRM software. There is an overrepresentation of CRM software users overall (53% of vouchers redeemed were for CRM, see 'Overview of scheme take-up in section 4.1 HLQ1) meaning some of the outcomes are specific to CRM.

This section outlines evidence gathered towards technology and efficiency outcomes below.

### SME technology outcomes

In the follow-up survey, of the survey respondents which had redeemed the voucher (N=74), 41% reported upgrading other types of technology in their business since the redemption, and 51% reported purchasing a new type of technology since. Although this may indicate a potential correlation between redeeming their voucher and purchasing or upgrading new software, we are unable to attribute this to the scheme due to limited data available.

There is indicative evidence of SMEs benefitting from enhanced software packages if they had been using free versions prior. One example is of an SME who intends to grow their business by increasing their customer base. The voucher enabled them to switch to an upgraded version of the free CRM system they were using which allowed more records for prospective contacts. The SME cited this as essential to meeting their strategy to increase their outreach and track prospective customers. Those with positive experiences cited support from vendors as being essential to helping them make the transfer (see ‘Redeeming the voucher’ Section in 4.2 HLQ2).

SMEs were also asked about whether participating in the scheme had increased their awareness of new or other digital software that could support their business. Most who were interviewed suggested the scheme did not contribute to increased awareness for reasons explained previously, however they had existing plans for new software to purchase for their businesses. There is indicative evidence of a few SMEs who feel that exposure to their CRM provider has highlighted potential software and systems they may invest in in the future.

SMEs were asked about the extent to which they would attribute the outcomes mentioned above to HtGD. A small proportion of SMEs who were interviewed (5 out of 19) cited high attribution, **stating the scheme helped them decide on a software quicker, resulting in realising the benefits sooner than they otherwise would have.**

*“The scheme made me make the decision [on which software to choose] more quickly. I wouldn’t have gone for Capsule if I hadn’t seen the list.” – SME participant*

Roughly a third of interviewees suggested medium attribution with some suggesting the **scheme had helped boost their confidence on seeking help with digital**. Others suggested they already knew which software they wanted to purchase but the scheme enabled them to purchase it earlier than they otherwise would have due to the savings from the voucher.

*“I think we still would have bought a CRM system, but we would spend a lot more money which brings in other additional pressures, pressures like getting things running quicker. We have a full year before our costs go up.” – SME participant*

Finally, SMEs were asked about the extent to which HtGD supported them in overcoming their digital challenges in surveys and interviews. As described in the previous Section (4.3: HLQ3), most interview respondents were already familiar with digital technology to some extent. They suggested the scheme had somewhat of an impact in helping them tackle challenges, citing increased confidence to use digital but also that it increased their knowledge overall. A few SMEs suggested no changes to their awareness and knowledge of digital following participation in the scheme, however, they caveated this with the fact that the challenges they face are more structural and common to small businesses such as time and capacity.

## SME efficiency outcomes

### Sales efficiencies

In the follow-up survey, 35% of SMEs felt that since the redemption of the voucher, the use of the technology in their business has led to an increase in sales, either directly or indirectly.

SMEs were asked during interviews about any increases in sales of their products or service. Some suggested it was too early to attribute any changes to the HtGD scheme. They provided multiple reasons for this, including needing more time to implement their software, transferring data from an existing software to a new one, and needing more time to familiarise themselves and their employees with the software (see 'Redemption of Voucher, Section 4.2: HLQ2). One interviewee did claim an increase in sales but had not yet measured the change against data from before purchasing the new software. For this interviewee, the increase in sales was an indirect outcome from having a more efficient CRM system that *“has helped save time to reach more customers and has brought us more revenues”*. Some SMEs indicated the expectation of a future increase in sales, even though there had not been any change in sales at the time of interview.

Further analysis around appropriate timeframes for an increase in sales or trend analysis for SMEs that reported an increase in sales could not be conducted due to the small sample size.

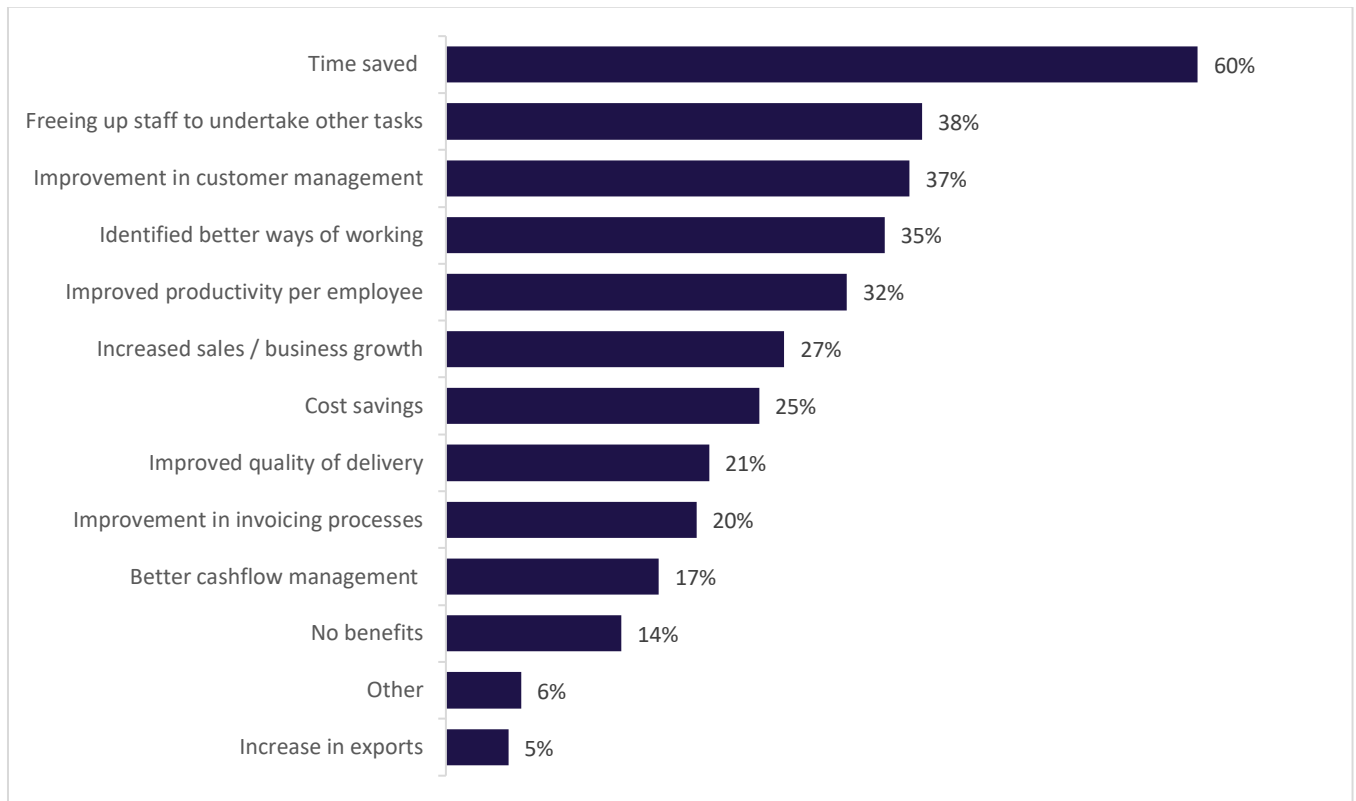
### Business process efficiencies

SMEs reported different benefits from using the voucher. Most SMEs interviewed agreed the software purchased through HtGD helped them **make improvements to their business processes** with over half of SME redeemer interviewees citing this outcome. There is indicative evidence that the voucher helped improve business efficiency with SMEs describing the CRM systems purchased via the scheme as **streamlining their processes of reaching out to customers and tracking their customer engagement**. Another example of benefits from improved efficiency is an SME who used their e-commerce voucher to diversify their product portfolio. They claim this has enabled them to pick up trends faster and capture more sales opportunities.

*“The aim is for each time we speed something up, we then look at a different part of the system and keep speeding up. We are not looking to save staff costs but to do more [with what we have already].” – SME participant*

This is echoed in the follow-up survey responses where, as a result of the software implemented, 60% of SMEs experienced time saved (e.g. reduced time spent processing and submitting tasks) for the business, 38% felt the software helped free up staff to undertake other tasks, 35% identified better ways of working, 32% experienced improved productivity per employee and 20% experienced an improvement in invoice processes (Figure 18).

**Figure 18: Benefits experienced attributed to the software purchased through HtGD**



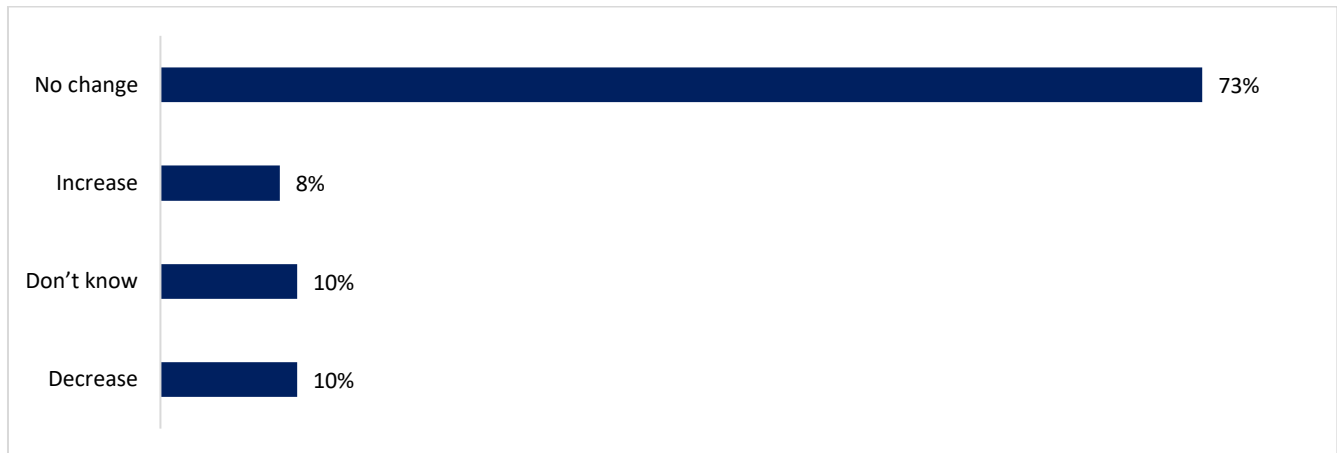
Source: HtGD 6-month follow-up survey (no maximum number of options multiple choice, N=84)

Through interviews, some SMEs suggested potential cost savings in the future, however most caveated this by saying it is too early to evidence this, for example, an SME interviewed claimed that the software is likely to save them future costs when they hire more people.

*“It is too early to say if [the digital product] has made me any profit. It is costing me time in the moment, but I can see how it will pay off.” – SME participant*

As shown in figure 19, only 10% of respondents have experienced a reduction in unit costs (either directly or indirectly) due to the use of the technology in their firm. The majority of respondents (73%) experienced no change in unit cost and 8% have even experienced an increase in unit cost. The same trend is reported by non-redeemers on the change in unit costs as a result of technology in the firm.

**Figure 19: Since you redeemed your voucher, has the use of the technology at your firm led, directly or indirectly, to a change in unit costs?**



Source: HtGD 6-month follow-up survey (single choice, N=84)

### Customer management efficiencies

In the follow-up survey 37% of respondents (N=84) reported experiencing improvement in customer management as a result of the chosen business software purchased through the scheme (Figure 18).

Some SMEs cited the benefits of having better data and oversight of their customer engagement, something they previously struggled with before implementing the CRM system they purchased through HtGD.

*“What we wanted to solve was making it extremely easy to capture information about our members as we interact with them. This is something we didn’t get out of the previous [CRM] system but we’re finding this very easy now. Getting that info stored is so easy, and there is now no reason not to store this information after an interaction [with a customer].” – SME participant*

One example is of an SME who can follow-up with customer queries quicker following the implementation of their CRM system. Before purchasing the system, they had multiple points where data had to be entered and had a long, manual process for tracking whether customer queries had been followed-up. **The CRM system helped them consolidate these processes, enabling them to respond quicker to customers and get real-time information on pending queries.**

*“It’s given us more visibility and reporting on our new business pipeline. I think it’s not so much saving time, it’s that we know it is scalable...we know it is more reliable than our previous spreadsheet methods.” – SME participant*

### Other outcomes

There were no clear negative outcomes to have emerged, other than a few SMEs interviewed who realised after signing up to the voucher that the software did not meet their needs.



There are also some cases related to SMEs having to spend more than expected on the software because of lack of clarity around VAT payments and how many licences each voucher allows (see 'Value of the voucher' section in 4.2: HLQ2). Another theme that came up was a potential negative outcome of SMEs having to plan around bearing the full cost of the software after the 12-month voucher period expires. Some suggested wanting an automated reminder email informing them their voucher is coming to an end.

Half of the vendors felt it was either too early to say, or they had not had enough voucher redemptions to comment on SME outcomes from participating in the scheme. Of the vendors that commented on SME outcomes from the scheme, the majority cited time savings and increased efficiency as the key benefits experienced by SMEs using the voucher. A few of these vendors proceeded to explain the subsequent impacts on cost reduction and improved internal workflows experienced by SMEs as result of this.

## 5. Conclusions

In the section below, we summarise the evidence against each of the High Level questions.

### High Level Question 1

*How effective is the programme in recruiting businesses and ensuring they complete the programme?*

The scheme has not been effective in recruiting businesses as per its target. Over the course of just over a year in which the scheme was open, HtGD received 1,507 applications. It was originally planned to operate for c3.5 years, rather than one year. The scheme's objective was to support a total of 100,000 SMEs in those 3.5 years. HtGD appears to have been more effective at ensuring SMEs completed the scheme, albeit many did not use the breadth of the offer available.

Of the 1,377 vouchers issued, 830 (or 60%) were redeemed. We are not yet able to identify reasons why 40% of SMEs who successfully applied did not complete their user journey.

The profile of SME redeemers suggests a sizeable proportion were digitally aware SMEs who already knew what digital technology they needed. The sample of survey and interview responses is too small to definitively extrapolate that the majority of HtGD applicants were already digitally aware, however this is likely, based on consistency of this finding across multiple evidence sources. This could indicate that the scheme potentially did not reach a critical mass of SMEs unfamiliar with digital technology as per its stated objectives.

A major barrier in recruiting SMEs was a lack of awareness resulting from insufficient marketing and promotion activity. Another potential barrier was the breadth of alternative support available to SMEs, e.g., Made Smarter. Finally, it was suggested by stakeholders that changes to the eligibility criteria were not made in time to attract the smallest SMEs who would have benefitted most from the scheme.

### High Level Question 2

*To what extent is the programme successfully delivering high quality business support?*

Evidence regarding the quality of the HtGD business support is mixed. The following elements were cited as positive:

- The application and redemption processes worked well and smoothly. SMEs indicated high levels of satisfaction with the time it took to complete an application and the time it took to receive a decision on their application.

- Over half of SME survey respondents agreed or strongly agreed that the learning materials on the HtGD website helped them choose one software option to purchase.
- SMEs and stakeholders overall found the website smooth and the application process straightforward and efficient. Stakeholders were also impressed with the speed in which the scheme was set up.
- Most SMEs were able to successfully redeem their vouchers with many citing positive experiences, with vendors as facilitators for their adopting the new digital technology.
- Most SMEs also found the value of the financial discount on software to be satisfactory.

However, SME redeemers, vendors, business advisory stakeholders felt that some elements of HtGD were not of a high quality.

The following elements in particular were cited:

- The range of software on offer was not sufficient. E-commerce and accountancy software in particular are mostly valuable to the smallest SMEs.
- There was insufficient flexibility in how to use the voucher. For instance, some SMEs wanted to be able to upgrade the software package to include additional user licences at the point of purchase so that new/ additional employees could use the software.
- Wider stakeholders pointed out that the HtGD design, communications, breadth of offer, and approach to vendor onboarding and availability were essentially risk-averse, i.e., took measures to avoid fraud and assure potential applicants that products that were tested and of a high quality were included in the scheme. This limited the potential for the scheme to reach its target number of 100,000 SMEs.
- The online only user journey may have been inappropriate for some SMEs who would have preferred other routes. Alternative suggestions included a tax relief model or a voucher that would allow SMEs to spend on any software of their choice.
- BEIS could have consulted more widely at the conception / early design stages of HtGD, e.g., with, LEPs, Chambers of Commerce, the FSB, or Growth Hubs to understand business needs and how best to meet them.

Insufficient levels of communication and a lack of clarity on roles and responsibilities within design / implementation teams may have impacted on HtGD's ability to quickly adapt and make changes / iterations in response to feedback and low uptake.

## High Level Question 3

*To what extent is the programme effective at building technology awareness and encouraging and supporting businesses to adopt new technologies?*

Evidence to assess HtGD's effectiveness in building technology awareness is mixed:

- A small sub-set of SMEs who engaged with the learning materials on the HtGD website did report being better able to identify the value of digital technology for their business.

- As mentioned above, SMEs who engaged with HtGD are likely to have already been digitally aware to some extent and it is therefore unlikely that the scheme helped these redeemers build their awareness or knowledge of how digital can help them.
- SMEs cited broader capacity barriers faced by small businesses that are out of scope of the HtGD scheme to remedy, for example, low IT budget or staff time to search for and implement digital technology. These firms also cited the additional burden on small businesses of changing existing systems with limited resources.
- There is indicative evidence from multiple sources that HtGD helped SMEs who already knew what type of software they needed to make a decision on a specific software.

Some vendors suggested a tax incentive for investments into digital adoption could help drive the implementation of digital technology by SMEs.

## High Level Question 4

*What early changes are businesses making as a result of participating in the programme?*

HtGD contributed to positive outcomes for SMEs who engaged with the scheme.

There is evidence that the scheme made positive contributions to technology outcomes for SMEs, namely, recognising the value of digital technology, identifying further needs and being able to successfully adopt their software. The scheme worked well for SMEs with low existing knowledge of digital, although this group formed a small part of the final data sample. HtGD supported many SMEs to upgrade existing technology or purchase a new technology following redeeming their voucher. The scheme was also beneficial to SMEs who had existing free versions of the software on offer as they were able to upgrade their software, although some SMEs faced challenges to do this. In helping many SMEs to make a decision on which software to choose for their business, HtGD helped these firms realise the benefits of digital technology sooner than they would have done.

There is also evidence around efficiency outcomes, that is, increased sales, improved business processes and improved customer management. Out of these, the least evidence is around increase in sales. Although some SMEs reported increased sales, other evidence suggests it is too early to see any changes in sales figures. The scheme did help SMEs improve their business processes and improve customer management. It is likely that the overrepresentation of evidence around these outcomes is potentially linked to most SMEs in the research sample having used their voucher to acquire CRM software. The scheme helped SMEs to become more efficient through new or upgraded CRM systems that allowed them to automate some of their processes. SMEs cited having more time to devote to customer management and streamlining customer tracking and engagement. There were no clear negative outcomes from the scheme, although a small number of SMEs suggested the 12-month voucher period was not sufficient and that they would find it difficult to continue to pay for the software.

## 6. Recommendations

The recommendations are aimed at future business support interventions of a similar nature.

### Recommendation 1

**Action:** Any future, similar business support intervention should ensure adequate stakeholder engagement to understand business needs and how to reach them in detail, including utilising more localised channels of promotion, including growth hubs from the outset.

**Why it is important:** SMEs had low awareness of HtGD and a more proactive approach could have improved uptake. Some stakeholders interviewed noted that LEPs and growth hubs have stronger and wider communication links with SMEs locally, and SMEs often turn to these organisations to find out about support. Growth hubs, LEPs and business representative or support organisations are also invaluable resources government should consult to develop schemes that successfully target specific business needs.

### Recommendation 2

**Action:** When implementing a large scale digital project in house, Government should ensure decision making is more agile, or can adapt in-flight to be more agile.

**Why it is important:** There is a perception from stakeholders that HtGD did not make changes and improvements in an efficient manner, particularly after the scheme was launched<sup>53</sup>, despite the scheme already factoring in the various levels of approvals and sign-off needed for decisions in the business case. This hampered the scheme's ability to achieve the ambitious objective of 100,000 supported SMEs.

### Recommendation 3

**Action:** Provide support to access a broader set of digital technologies from the outset.

**Why it is important:** SMEs who redeemed the discount voucher wanted to have access to more technology than those available under the e-commerce, CRM and accountancy software brackets<sup>54</sup>.

### Recommendation 4

**Action:** In addition to or alongside a discount voucher-based support intervention, explore the feasibility of offering tax incentives to SMEs who invest in digital technology adoption.

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<sup>53</sup> The Business Case for HtGD had factored in the need for Central Data and Digital Office in Cabinet Office (CDDO) approvals and standards.

<sup>54</sup> To note, HtGD launched in January 2022 with a minimum viable product (MVP) and a roadmap to continually expand the offer over the lifetime of the scheme, including additional products, a wider range of software, and one-to-one advice.

**Why it is important:** Discount vouchers helped businesses by reducing the financial burden of the chosen software. Vendors, however, felt that a tax incentive-based intervention could be a straightforward approach to supporting businesses to implement digital technology they purchase. This was supported by SME redeemers and non-redeemers who suggested a more flexible approach would have benefitted them.

## Recommendation 5

**Action:** Collate all available business support in one central website or explore improving connections between all business support through other avenues.

**Why it is important:** Businesses would like a single place to go to find out about all HMG and wider public sector support and support from bodies such as the FSB available to them as there is a wide spectrum of specific and general support programmes available to SMEs. It can be difficult to find and then access the right scheme.

## Recommendation 6

**Action:** One-to-one advice on how to identify business needs and implement appropriate digital technology is key to the success of new software within SMEs. Such advice should form a core part of business support interventions.

**Why it is important:** Advice for SMEs in the form of written materials like case studies and articles, though highly appreciated by some, was not an effective model for all businesses to understand their tech needs. Many SMEs surveyed and interviewed suggested a need for one-to-one adoption support to help overcome the multiple barriers and challenges to digital adoption.

# Annexes

## Annex A – Products available on HtGD website (at time of research)

Provider	Products
<b>Customer relationship management software</b>	
Deskpro	<p>Deskpro is a London-based small to medium-sized enterprise. The Deskpro software is a <b>multi-channel helpdesk software</b> that allows businesses to manage their customer relationships and support. Deskpro claims to provide a fully integrated CRM system alongside a multi-channel support software and to help SMEs to optimise their performance and track their analytics.</p> <p>The products available through HtGD vary in terms of their purpose and their key features:</p> <p><b>Deskpro Teams’</b> key features include:</p> <ul style="list-style-type: none"> <li>• Service Level Agreement (SLA) Management</li> <li>• Customer Portal &amp; Self-Service</li> <li>• Workflow Management &amp; Process Automation</li> <li>• Agent productivity features (Snippets &amp; Macros), multi-brand</li> </ul> <p><b>Pricing</b> starts at £24 per agent/month (+ VAT), with a minimum of 3 agents on Cloud and 10 agents On-Premise, paid monthly or annually. Payment annually upfront is given a 17% discount.</p> <p><b>Deskpro Professional’s</b> key features include:</p> <ul style="list-style-type: none"> <li>• Everything in Team, plus:</li> <li>• Premium support 24/5</li> <li>• Uptime SLA</li> <li>• Unbranding/Whitelabelling</li> <li>• Custom Reports</li> </ul> <p><b>Pricing</b> starts at £59 per agent/month (+ VAT), with a minimum of 10 agents on Cloud and 10 agents On-Premise, paid monthly or annually. Payment annually upfront is given a 16% discount.</p>

Provider	Products
	<p><b>Deskpro Enterprise's</b> key features include:</p> <ul style="list-style-type: none"> <li>• Everything in Professional, plus:</li> <li>• Data Centre Choice (Global)</li> <li>• Free Onboarding</li> <li>• Enterprise Uptime SLA</li> <li>• Security Reviews</li> <li>• Support SLA</li> <li>• Custom Feature Development</li> <li>• Custom Contracts</li> </ul> <p><b>Pricing</b> starts at £79 per agent/month (+ VAT), with a minimum of 25 agents on Cloud and 25 agents On-Premise, paid annually. A 3-year upfront payment would be given a 15% discount.</p> <p><b>Sectors:</b> Deskpro is primarily used by SMEs in E-Commerce, Education, Health, Finance, Gaming, Government, Healthcare, Non-Profit, Technology, and Travel &amp; Tourism.</p> <p>Deskpro provides multiple communication channels allowing support tickets to be created via email, contact form, phone call and live chat. Its software also has a full REST API available and is listed on Zapier, allowing the customers to seamlessly connect with 1000+ apps.</p>
Gold-Vision	<p>Gold-Vision is a Northamptonshire-based medium sized enterprise. Gold-Vision offers a <b>fully featured CRM solution</b> that unifies sales and marketing. It can be used on cloud or on-premise with interactive dashboard reporting and device independent mobile access, which they claim as their unique selling point.</p> <p>The products available through HtGD vary in terms of their purpose and their key features:</p> <p><b>Gold-Vision Marketing Professional's</b> key features include:</p> <ul style="list-style-type: none"> <li>• Digital Marketing Management</li> <li>• Communications Management</li> <li>• Service Analysis</li> <li>• Workflow Management &amp; Process Automation</li> </ul>



Provider	Products
	<ul style="list-style-type: none"> <li>• Service Level Agreement (SLA) Management</li> <li>• Next Best Action (X-Sell / Upsell)</li> </ul> <p><b>Pricing</b> starts at £50 per user/month (+ VAT). Discounts are given at: 25 to 49 users (£2.50 off per user), 50 to 99 users (£5.00 off per user), and 100 to 250 users (£10.00 off per user).</p> <ul style="list-style-type: none"> <li>• Gold-Vision Sales Professional’s key features include:</li> <li>• Offer Management</li> <li>• Communications Management</li> <li>• Service Analysis</li> <li>• Notification and Alert Management</li> <li>• Workflow Management &amp; Process Automation</li> <li>• Quote Management</li> <li>• Order Management</li> <li>• Next Best Action (X-Sell / Upsell)</li> <li>• Brand Management</li> </ul> <p><b>Pricing</b> starts at £45 per user/month (+ VAT). Discounts are given at: 25 to 49 users (£2.50 off per user), 50 to 99 users (£5.00 off per user), and 100 to 250 users (£10.00 off per user).</p> <p>Gold-Vision Service Professional’s key features include:</p> <ul style="list-style-type: none"> <li>• Product Management</li> <li>• Workflow Management &amp; Process Automation</li> <li>• Install Base Management</li> <li>• Asset Management</li> <li>• Service Level Agreement (SLA) Management</li> <li>• Next Best Action (X-Sell / Upsell)</li> <li>• Customer Portal &amp; Self-Service</li> <li>• Notification and Alert Management</li> <li>• Service Analysis</li> </ul> <p><b>Pricing</b> starts at £45 per user/month (+ VAT). Discounts are given at: 25 to 49 users (£2.50 off per user), 50 to 99 users (£5.00 off per user), and 100 to 250 users (£10.00 off per user).</p>

Provider	Products
	<p>Gold-Vision is compatible with permission based RESTful API that is available with 10+ users, ERP/Accounting solutions. Their DataBridge tool helps their API to speed up the implementation of custom integrations. SSO (Single Sign On) is also available across their product range and could be integrated with Azure AD login.</p> <p><b>Sectors:</b> Gold-Vision caters to a range of SMEs and large businesses, and is particularly fit for financial services, manufacturing, events, and membership organisations.</p> <p>Gold-Vision offers product support via email, phone support, chat, web form, FAQs, knowledge base and social media. They also offer in-person, live online, webinar, documentation, and video training.</p>
<p>Livepoint</p>	<p>Livepoint is a small software development business based in the North West of England. Livepoint’s CRM software SwiftCase is a <b>workflow management platform</b> which helps businesses automate and manage workflows and centralise customer management. Businesses which use SwiftCase benefit from time savings, streamlined business processes, improved communications with customers and improved customer service.</p> <p><b>Features of SwiftCase include:</b></p> <ul style="list-style-type: none"> <li>• Workflow, task, time and document management.</li> <li>• Customisation of workflows</li> <li>• Integration with other applications</li> <li>• Team collaboration</li> <li>• Reporting and intelligence</li> </ul> <p>SwiftCase integrates into other business applications used to connect with customers, such as Google applications, Microsoft applications, Mail Chimp, Xero and HubSpot. It is notable for being the only platform which can integrate in any application with a REST-based API without the help of a developer.</p> <p><b>Sectors:</b> SwiftCase is predominantly used by SMEs across finance, legal service, insurance and contractor industries.</p> <p><b>Pricing</b> starts at £39.00 per month (+ VAT) and includes ticket based support but excludes training.</p>

Provider	Products
Zestia	<p>Zestia is a Manchester-based software development company. Their main product is Capsule, a <b>cloud-based CRM</b> product designed for SMEs. Businesses that use Capsule are able to build stronger customer relationships, make more sales and save time. Using Capsule, customers have access to a sales pipeline dashboard, calendar and task management tools, outlook and Gmail integrations, and two factor authentication.</p> <p>The products available through HtGD vary in terms of their purpose and their key features:</p> <p><b>Capsule Professional’s</b> key features include:</p> <ul style="list-style-type: none"> <li>• Document Management</li> <li>• Notification and Alert Management</li> <li>• Workflow Management &amp; Process Automation</li> </ul> <p><b>Pricing</b> starts at £12 per user/month (+ VAT).</p> <p><b>Capsule Team’s</b> key features include:</p> <p>Everything in Professional, plus:</p> <ul style="list-style-type: none"> <li>• Multiple sales pipeline</li> <li>• Workforce Management</li> <li>• Advanced sales reporting</li> <li>• User roles and restrictions</li> <li>• Team or individual record assignment</li> </ul> <p><b>Pricing</b> starts at £24 per user/month (+ VAT).</p> <p><b>Capsule Enterprise’s</b> key features include:</p> <p>Everything in Team, plus:</p> <ul style="list-style-type: none"> <li>• Priority email support</li> <li>• Implementation Support</li> <li>• Import Assistance</li> <li>• Custom training</li> <li>• Dedicated Customer Success Manager</li> <li>• Ongoing Priority Support</li> </ul>

Provider	Products
	<p><b>Pricing</b> starts at £36 per user/month (+ VAT).</p> <p>Capsule can also be integrated with other applications such as Microsoft 365, Xero, Mailchimp, Microsoft 365, Google Workspace, Quickbooks, Sage, FreeAgent and more. It is also integrated with Zapier, which allows connection with over 1000 different products.</p> <p>Capsule caters to a range of SMEs and large businesses, and is particularly best fit for professional services, IT &amp; technology, construction, accountants, hospitality, real estate, and travel agencies.</p>
Zym	<p>Zym is a <b>marketing software solution</b>, whose fully integrated approach helps a business plan and execute their marketing in one place. The Zym framework called FRECO (Find, Reach, Engage, Convert, and Optimise) in partnership with PR Smith, helps its clients configure and build the best marketing strategy from the start to finish.</p> <p><b>Zym Lite's</b> key features include:</p> <ul style="list-style-type: none"> <li>• Brand Management</li> <li>• Workflow Management &amp; Process Automation</li> <li>• Communications Management</li> <li>• Multi-Variant Testing</li> <li>• Digital Marketing Management</li> <li>• Sales Pipeline</li> </ul> <p>Zym Lite is best fit for smaller businesses that need to win more customers.</p> <p><b>Pricing</b> starts at £150.00 (+ VAT) per month for 5 users.</p> <p><b>Zym Pro's</b> key features include:</p> <p>Everything in Lite, plus:</p> <ul style="list-style-type: none"> <li>• Landing Page Builder</li> <li>• Automated Journeys</li> <li>• LinkedIn Reveal</li> <li>• Website Intelligence</li> <li>• Website Reveal</li> <li>• Domain Reveal</li> </ul>

Provider	Products
	<p>Zym Lite is tailored for businesses that want to thrive with better marketing.</p> <p><b>Pricing</b> starts at £299.00 (+ VAT) per month for 5 users.</p> <p>Zym offers the Zym Academy, which gives clients access to free digital marketing courses and live masterclasses to help them create engaging and successful campaigns. Zym has support calls on-demand, email, phone support, chat, web form, and more.</p>
<p>Zymlify</p>	<p>Zymlify is a <b>software as a service (SaaS)</b> company based in Portstewart. According to Zymlify, their unique buyer intent-based approach to marketing and sales automation is what sets their business apart. Zymlify Grow is specifically designed for B2B businesses who want to scale fast by combining all prospecting, marketing, automation, sales cadences, and pipeline tools in one platform.</p> <p><b>Key Features of Zymlify Grow:</b></p> <ul style="list-style-type: none"> <li>• Brand Management</li> <li>• Asset Management</li> <li>• Workflow Management &amp; Process Automation</li> <li>• Communications Management</li> <li>• Multi-Variant Testing</li> <li>• Digital Marketing Management</li> <li>• B2B Prospecting Tools</li> <li>• Sales Pipeline Management</li> <li>• Customisable reporting tools</li> </ul> <p>Zymlify is compatible with other business applications such as Salesforce, Hubspot, Zapier, Facebook, Twitter, LinkedIn, Canva, Google Analytics, Google Data Studio, and Google Search Ads. Zymlify offers product support and training support in the form of webinars, videos, documentation, and live online training.</p> <p>Zymlify is a Google Partner, and one of only 35 firms in the UK and Ireland who are part of the Google Technology Partner programme.</p> <p><b>Pricing</b> starts £799 (+ VAT) per month for 4 users.</p>
<p><b>Digital accounting software</b></p>	

Provider	Products
Crunch	<p>Crunch is an <b>online accounting software and service</b>. Crunch offers features such as Directors Payroll, the ability to raise own dividends for the most-tax-efficient pay and set up recurring expenses and raise similar invoices.</p> <ul style="list-style-type: none"> <li>• <b>Crunch Pro</b> is a full accountancy solution, which includes an accounting software with unlimited accountancy support and year end accounts – <b>pricing</b> from £75.60 per month for 4 users +VAT per person.</li> <li>• <b>Crunch Premium</b> is best fit for limited companies with one to four directors, which includes everything in the Crunch Pro and more, including confirmation statement filing and IR35 support – <b>pricing</b> from £115.50 per month for 4 users + VAT per month.</li> </ul> <p><b>Sectors:</b> <i>Crunch primarily are used by businesses in many different industries, but they mostly cater to freelancers, contractors, startups, and small businesses.</i></p> <p><i>Crunch gives businesses access to Chartered Certified Accountants and superhero client managers.</i></p> <p><i>Crunch are an Association of Chartered Certified Accountants (ACCA) – accredited employer, which means that their team follows the bylaws, regulations and ethical guidelines of the ACCA.</i></p>
QuickBooks	<p>QuickBooks is an <b>accounting software package</b> developed by Intuit, a large American software company specialising in financial management solutions, aimed at supporting small and medium-sized businesses. As of July 2021, QuickBooks Online holds a 21.1% market share of accounting software used by SMEs in the UK<sup>55</sup>.</p> <p>QuickBooks helps businesses manage finances, tax, track sales, create and send invoices and employee and project management. The products available through HtGD vary in terms of their purpose and the size businesses they are geared towards:</p> <ul style="list-style-type: none"> <li>• <b>QuickBooks Online Simple Start</b> is aimed at sole traders or small businesses to manage everyday finances, VAT and Income Tax – <b>pricing</b> from £12.00 per month for 1 user</li> </ul>

<sup>55</sup> Codat’s guide to the accounting software market (2021) [Codat Global Accounting Guide 2021.pdf](#) (Accessed 27/07/22)

Provider	Products
	<ul style="list-style-type: none"> <li>• <b>QuickBooks Online Essentials</b> is aimed at small businesses working with suppliers – <b>pricing</b> from £22.00 per month for 3 users</li> <li>• <b>QuickBooks Online Plus</b> is aimed at businesses managing everyday finances, projects, employees, stock, VAT and Income Tax – <b>pricing</b> from £32.00 per month for 5 users.</li> </ul> <p><b>Sectors:</b> <i>QuickBooks products are used in businesses across a wide range of industries including computer software, hospital and health care, legal services, accounting and retail. The products have hundreds of possible app integrations available.</i></p> <p><i>Its HMRC-recognised too - so you'll be all set for Making Tax Digital when it's rolled out to UK VAT-registered businesses in April 2022.</i></p> <p><i>Product support is offered in the form of free phone support, online chats, forums and a website knowledge base.</i></p>
Sage	<p>Sage is a software company based in the Northeast of England providing <b>accounting software</b> to customers for over 40 years. As of July 2021, Sage 50/50 Cloud holds a 19.9% market share of accounting software used by SMEs in the UK<sup>56</sup>.</p> <p>The products available through HtGD vary in terms of their purpose and the size businesses they are geared towards:</p> <ul style="list-style-type: none"> <li>• <b>Sage Business Cloud Accounting – Start</b> is a single-user software aimed at small businesses with simpler accounting needs. <b>Pricing</b> starts at £12.00 per user per month with 6 months free.</li> <li>• <b>Sage Business Cloud Accounting – Standard</b> is an unlimited-user software aimed at small businesses. <b>Pricing</b> starts at £26.00 per user per month with 6 months free.</li> <li>• <b>Sage Business Cloud Accounting – Plus</b> is an unlimited-user software aimed at medium-sized businesses. <b>Pricing</b> starts at £33.00 per user per month with 6 months free.</li> </ul> <p><b>Sectors:</b> <i>Sage is used in businesses across a wide range of industries such as wholesale distribution, construction, non-profits and manufacturing.</i></p> <p><i>Product support is offered in the form of email, phone support, chat, web form, forum, and more.</i></p>

<sup>56</sup> Codat's guide to the accounting software market (2021) [Codat Global Accounting Guide 2021.pdf](#) (Accessed 27/07/22)

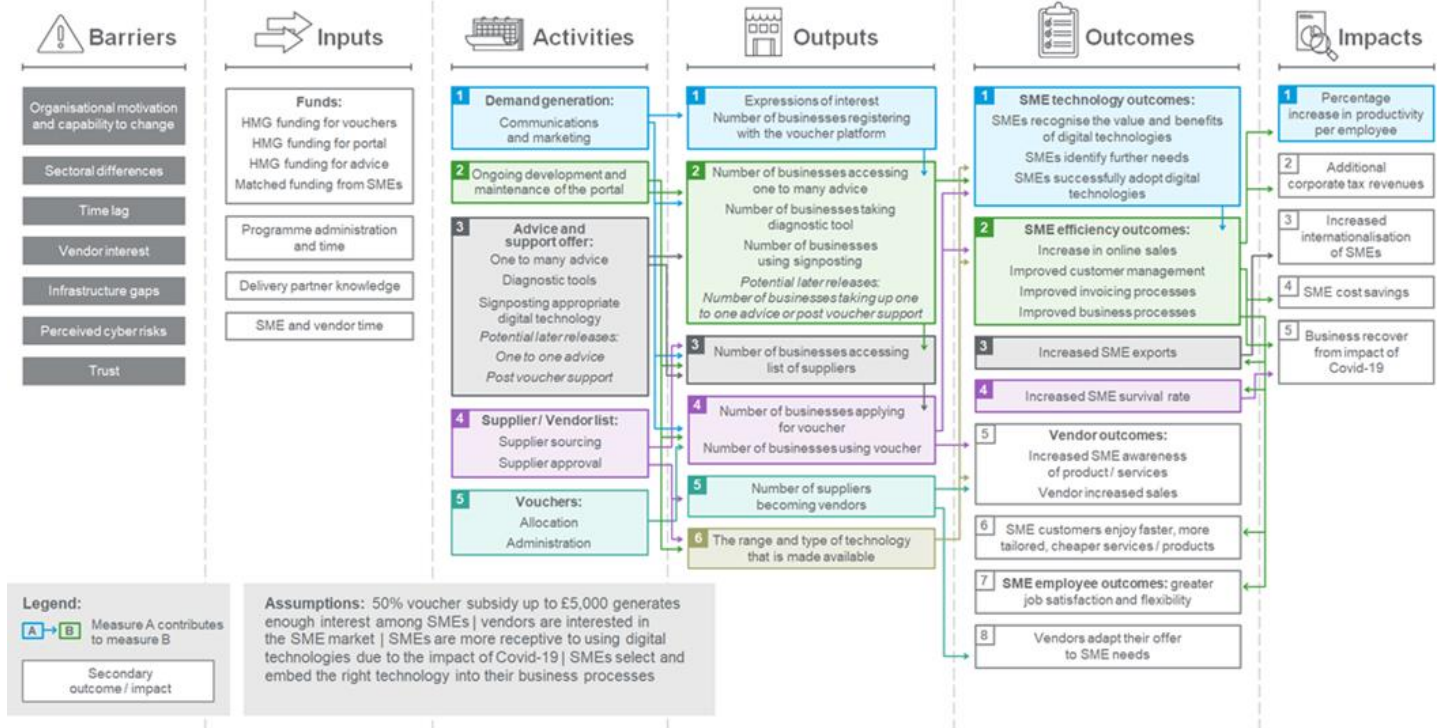
Provider	Products
<b>E-Commerce Software</b>	
GOB2b	<ul style="list-style-type: none"> <li>• <b>GOB2b Grow</b> is an unlimited user e-commerce system. Pricing starts at £199 per month for one user.</li> <li>• <b>GOB2b Professional</b> is an unlimited user e-commerce system. Pricing starts at £599 per month for one user. Contract discount 12 months upfront payment at 8% off.</li> <li>• <b>GOB2b Advanced</b> is an unlimited user e-commerce system. Pricing starts at £999 per month for one user. Contract discount 12 months upfront payment at 8% off.</li> </ul> <p><b>Sectors:</b> <i>Gob2b is used in a wide range of business-to-business industries.</i></p> <p><i>Product support is offered in the form of working hours telephone, email, chat 24/7 critical telephone support.</i></p>
EKM	<ul style="list-style-type: none"> <li>• <b>EKM – Pro</b> is a fixed number of users e-commerce system. Pricing starts at £599.99 per month.</li> <li>• <b>EKM – Standard</b> is a fixed number of users e-commerce system. Pricing starts at £69.99 per month.</li> <li>• <b>EKM – Advanced</b> is a fixed number of users e-commerce system. Pricing starts at £209.99 per month</li> </ul> <p><b>Sectors:</b> <i>EKM is used in businesses in a wide range of industries which have an e-commerce dimension to their business.</i></p> <p><i>Product support is offered in the form of email, phone, live chat, tickets, support guides, videos and access to an Account Manager.</i></p>
Comgem	<ul style="list-style-type: none"> <li>• <b>Comgem Standard</b> is a fixed number of users e-commerce system. Pricing starts at £250 per month for 3 users.</li> <li>• <b>Comgem Professional</b> is a fixed number of users e-commerce system. Pricing starts at £500 per month for 5 users.</li> <li>• <b>Comgem Plus</b> is a fixed number of users e-commerce system. Pricing starts at £350 per month for 3 users.</li> </ul> <p><b>Sectors:</b> <i>Comgem is used in businesses in a wide range of industries which have an e-commerce dimension to their business.</i></p> <p><i>Product support is offered in the form of email, phone support, chat, web form, forum, FAQs and knowledge base.</i></p>



Provider	Products
ShopWired	<ul style="list-style-type: none"> <li>• <b>ShopWired – Pro</b> is a fixed number of users e-commerce system. Pricing starts at £29.95 per month for 5 users.</li> <li>• <b>ShopWired – Advanced</b> is a fixed number of users e-commerce system. Pricing starts at £69.95 per month for 15 users.</li> <li>• <b>ShopWired – Premium</b> is an unlimited number of users e-commerce system. Pricing starts at £129.95 per month.</li> <li>• Contract discount- 12 months at 20% off</li> </ul> <p><b>Sectors:</b> <i>ShopWired is used in businesses in a wide range of industries which have an e-commerce dimension to their business.</i></p> <p><i>Product support is offered in the form of email, phone support, chat, web form, social media, FAQs and knowledge base.</i></p>
Kentico	<ul style="list-style-type: none"> <li>• <b>Kentico</b> is an unlimited number of users e-commerce system. Pricing starts at £1,325 per month.</li> </ul> <p><b>Sectors:</b> <i>Kentico is used in businesses in a wide range of industries which have an e-commerce dimension to their business.</i></p> <p><i>Product support is offered in the form of FAQs, knowledge base, email, phone support, chat, web form, social media and forum.</i></p>
BigCommerce	<ul style="list-style-type: none"> <li>• <b>BigCommerce – Standard</b> is an unlimited number of users e-commerce system. Pricing starts at £24.95 per month for 1 user.</li> <li>• <b>BigCommerce – Plus</b> is an unlimited number of users e-commerce system. Pricing starts at £65.96 per month for 1 user. Contract discount 12 months at 10% off.</li> <li>• <b>BigCommerce – Pro</b> is an unlimited number of users e-commerce system. Pricing starts at £246.68 per month for 1 user. Contract discount 12 months at 20% off.</li> </ul> <p><b>Sectors:</b> <i>BigCommerce is used in businesses in a wide range of industries which have an e-commerce dimension to their business.</i></p> <p><i>Product support is offered in the form of email, phone support, chat, web form, social media, forum, FAQs and knowledge base.</i></p>
Pembee	<ul style="list-style-type: none"> <li>• <b>Pembee – Standard</b></li> <li>• <b>Pembee – Lite</b></li> <li>• <b>Pembee – Premium</b></li> </ul>

## Annex B – Theory of Change and summary of literature review findings

### Theory of Change



### Summary of rapid literature review findings

The purpose of the rapid literature review was to further aid our understanding of the context in which HtGD is operating, and of potential outcomes and measures of relevance to this evaluation. This included recent Economic Research Centre (ERC) and Productivity Institute papers and publications regarding digital adoption and productivity. Information extracted included evidence regarding:

- Barriers and enablers of digital adoption.
- The impact of digital on SME productivity.
- Possible productivity and digital adoption outcome and impact measures.
- Potential data sources to use.

A purposive approach was taken to identify relevant studies for inclusion in this review. A list of papers and publications was collated by our academic advisers at Aston University, as well as suggestions from our consortium partners.

In summary, the rapid literature review has identified a positive correlation between digitalisation and productivity that is nuanced and conditional on a number of underlying conditions, with variation in the effects caused by sectoral differences, and the potential for significant growth in UK Gross Value Added if firms can be persuaded to adopt key technologies.

The literature does emphasise a time lag between digitalisation and productivity increases indicating a delay of up to 16 years. However, it is also unclear whether this is impacted by the inherent difficulties in measuring the benefits of digitalisation.

The positive correlation between digitalisation and productivity is mitigated by some potential issues, such as the potential for cultural conflict between younger and older employees, and the skills gap between pre-digitisation workers and those more recently hired. With the pandemic potentially raising the inequalities that exist between occupational groups and places, which could have been exacerbated by the displacement effects from new technologies.

The review highlighted that the key facilitators of digitalisation are digital readiness, COVID-19 pandemic and its acceleration of digitalisation, and other factors such as the existence of technological leaders and the specialisation and training approaches taken. Conversely, the barriers faced in digitalisation are a lack of capability and motivation, difficulty in selecting the appropriate technology for implementation, the lack of tailoring of products for the SME market, cost / finance barriers faced by SMEs, infrastructure issues, and a perceived increased risk in cyber security risks.

## Annex C – International comparator programmes

There are also schemes running internationally that offer similar support to that available to SMEs through HtGD in the UK. Two programmes - SMEs Go Digital in Singapore and Digital Development Loans in Scotland were explored for similarities and differences to HtGD to understand what can be learned from these programmes based on their delivery and impact. Spain also has an extensive SME Digitalisation Plan 2021-2025, with components that mirror some of the aims and activities of HtGD. An important caveat to these comparators is that these schemes have been running for several years and have had time to develop beyond the MVP stage that HtGD was at when it closed. This comparison is intended to showcase examples of practices that resulted in successful uptake. However, it is possible that these schemes have inherently higher levels of fraud risk. This evaluation cannot comment on the level of comparative fraud risk.

These are described below:

### Singapore – SMEs Go Digital<sup>57</sup>

- The Singapore programme has been running since 2017 with over S\$500 million allocated to this project. Over time it has grown into an initiative that involves more generous financial support and a considerably larger pool of vendors from which to choose from in comparison to HtGD.
- Each business can receive support worth up to S\$30k, capped at 70% of the cost of the products selected for most sectors and 80% for Food & Retail. Examples of support include a self-guided website to assess digital readiness, with grants available for digital solutions and equipment, with multiple grants available per business, as opposed to one in HtGD.
- The offer also includes access to digital consultants for digital advisory service and/or project management services alongside other more targeted interventions.
- The programme and its various schemes are still open and have been used by more than 80,000 SMEs (as of March 2022)<sup>58</sup>, which is approximately 27% of Singapore-based SMEs<sup>59</sup>.

### Scotland

- Scotland launched a Digital Boost fund<sup>60</sup> in 2021 committing £20m with a further £25m committed in 2022 to help businesses utilise digital technologies and enhance workforce skills. The fund had already helped more than 2,200 businesses in 2021, from all

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<sup>57</sup> [SMEs Go Digital | IMDA - Infocomm Media Development Authority](#) (Accessed 07/07/23)

<sup>58</sup> Infocomm Media Development Authority Factsheet (March 2022). <https://www.imda.gov.sg/-/media/Imda/Files/Programme/SMEs-Go-Digital/SMEsGD> (Accessed 21/08/23)

Factsheet.pdf?la=en&hash=2838949FFB3EC351DE649234EDCDFF10 )Accessed 07/07/22)

<sup>59</sup> The Department of Statistics Singapore. <https://www.singstat.gov.sg/modules/infographics/economy> (Accessed 07/07/23)

<sup>60</sup> [The DigitalBoost Grant for Scotland's Businesses | Business Gateway \(digitalboostdevelopmentgrant.co.uk\)](#) (Accessed 21/08/23)

sectors across Scotland, invest in hardware, business management software, e-commerce and data analytics. This additional investment was aimed at allowing businesses to access expert advice on how to adopt the technology and skills needed to increase their competitiveness, productivity and resilience.

- The Scottish intervention, running from 2018 to 2021, offered multiple, parallel programmes to support businesses for digital transformation via the Digital Growth Fund<sup>61</sup>, for example, the Digital Development Loan<sup>62</sup>, whereby the Government invested £36 million with an aim to upskill 18,000 people over the period of three years.
- The Digital Development Loan was delivered under this fund, providing loans to SMEs to improve digital capabilities of the business. This involved an interest-free loan rather than subsidisation of purchase costs. The loan supported over 200 Scottish businesses to access over £12 million to support the digital transformation of their businesses. While the eligibility criteria was similar to HtGD, the size of loan (£5k-100k) was much bigger than the UK grant (capped at £5k). Also, SMEs were not limited to using specific vendors/solutions as part of their application, as long as they could demonstrate plans to improve digital capacity, capability, or skills.

### **Spain - SME Digitalisation Plan 2021-2025<sup>63</sup>**

- Spain offers multiple programmes to support SMEs in their digital transformation. SMEs could avail of different – one or more – services up to a maximum grant amount depending on the size of their business. The Spanish Digitalisation plan will invest a total of €4.65 billion to target around 1.5 million SMEs, which is around 59% of the total SMEs in Spain.
- Schemes include a Digital Toolkit Programme, which is comprised of basic digitalisation packages. Grants of up to €12,000 are available for companies with 10 to 49 employees, €6,000 for companies with 9 to 3 employees, and €2,000 for companies with less than three employees, including non-employers. SMEs do not pay for the product or service, instead the vendor covers the cost and then applies for reimbursement.
- Since March 15, 2022, 60,000 company requests have already been received for the Digital Kit, which is approximately 60% of the total number of SMEs with 10 to 49 employees in Spain<sup>64</sup>. The executive has published that by end of June, support has been granted to 8,000 companies since the start of the project.

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<sup>61</sup> Digital Growth Fund: FOI release – gov.scot ([www.gov.scot/publications/foi-18-01670/](http://www.gov.scot/publications/foi-18-01670/)) (Accessed 07/07/23)

<sup>62</sup> The loan is currently paused (as of July 2023: <https://digitaldevelopmentloan.org/>) (Accessed 07/07/23)

<sup>63</sup> See <https://espanadigital.gob.es/en/measure/sme-digitalization-plan-2021-2025#:~:text=The%20SME%20Digitalization%20Plan%202021-2025%20sets%20the%20roadmap.several%20programs%20to%20boost%20the%20digitalization%20of%20SMEs> (Accessed 07/07/23)

<sup>64</sup> [La digitalización impulsa las medidas para pymes en España \(elperiodico.com\)](https://www.elperiodico.com) (Accessed 07/07/23)

## Annex D – Technical Annex

### Data Sources

The following data sources have been used to develop this report:

#### Data sources

Data source	Description	N	Response rate
Management Information (MI) Data (January 2022- March 2023)	This consists of applicant data collected by the scheme including metrics on number of applicants, eligibility, voucher redemptions and products purchased, as well as information on businesses such as size and sector. Due to the small number of applications and redemptions, limited subgroup analysis by size of business, sector, region and token value was completed (Section 4.1: HLQ1).	1507 applications, 830 redemptions	N/A
Application completion survey (January 2022- March 2023)	An online survey administered by BEIS and sent to all applicants. This was issued via email within 2 weeks of applying with most participants having up to 6 weeks to respond <sup>65</sup> . Due to small samples, subgroup analysis is not possible.	152 responses	11% <sup>66</sup> Base: 1,377
Predictiv survey (May 2022)	Run in May 2022, using an online experiment website ('Predictiv'), our consortium partners BIT conducted a survey with UK-based SME owners or managers across 13-25 May 2022 to explore what changes to the scheme might be most effective at boosting overall uptake.  The initial evaluation plan envisaged using Predictiv at regular intervals to test new changes to HtGD suggested by the evaluation before roll out to improve them with user experience in mind. Due to the early closure of the scheme, Predictiv	1,003 responses	N/A

<sup>65</sup> A small number of applicants received the survey up to 2 months after they applied due to the programme pause period from September to October 2022.

<sup>66</sup> 76 responses were excluded from our analysis as they were incomplete (0% completion).

	was only used once to learn more about how the general population of SMEs identifies digital needs and taking steps to meet them.		
Follow-up survey (March 2023- June 2023)	Between March – June 2023, we surveyed eligible SMEs to follow-up on their experience with HtGD and any outcomes to-date. This survey was administered in two waves. The first wave was distributed via email to be completed online to those who had successfully applied up to 18/08/2022. The second wave was administered via a phone survey. SMEs that were unresponsive to the phone survey were also emailed a survey link. SMEs were surveyed at least three months after their application.	106 responses	9% Base: 1,171
SME redeemer interviews <sup>67</sup> (February 2023- March 2023)	We conducted 45-minute in-depth interviews with SMEs who redeemed their discount voucher. Our sampling approach was to interview SMEs who redeemed their voucher at least six months prior to the interviews to ensure we captured evidence of shorter-term changes made in the business linked to the adoption of the acquired software.  The design of these interviews was based on the literature review, scoping study insights and agreed outcomes within our existing HtGD Theory of Change (ToC).	19 interviews	N/A
Non-participant interviews (March 2023- June 2023)	We interviewed businesses that were aware of the scheme but did not apply for a voucher to understand the reasons why. These were sampled from a list of 500 Expressions of Interest (Eols) provided by BEIS and feedback survey respondents who didn't apply for the scheme.  We developed a short screener survey to select businesses that did not apply. The screener asked the business whether they applied for a voucher,	11 interviews	N/A

<sup>67</sup> Note: We also conducted interviews with SMEs which successfully applied for the HtGD scheme but did not redeem the voucher. These interviews discussed why the SMEs applied and why they ultimately did not redeem the voucher. A total of 13 non-redeemers were contacted for interviews, with two reminders sent to each. Only one non-redeemer agreed to be interviewed. The sample comprised of SMEs who responded to the follow up survey and provided consent and an additional 11 SMEs who we removed from the follow up survey sample list to avoid contacting the same SME for multiple data collection approaches simultaneously without their consent.

	<p>their employee numbers and industry sector and whether they would be willing to participate in an interview. We also purposively sampled businesses of different size (measured by employee numbers) to get a broad representation of views. This approach ensured that we gathered insightful, actionable responses that may aid future planning of similar schemes.</p>		
<p>Wider stakeholder interviews  (February 2023- March 2023)</p>	<p>We conducted 45–60-minute wider stakeholder interviews with vendors, trade bodies, business advisors, one-to-one advice providers / experts, policy stakeholders (in central and local government), and growth / enterprise hubs across different UK regions. A full sample was agreed with BEIS in advance, including alignment to the HLQs. The interviews covered the extent to which the scheme met stakeholder needs, which may have differed by sector or geography and to understand how well it took existing support offers into account.</p> <p>This also sought to explore lessons learned from a scheme design perspective. For example, reasons why target SMEs haven't engaged in the scheme to the extent hoped for, and what adaptations may help similar schemes in the future.</p>	29 interviews	N/A
<p>Help to Grow Management (HtGM) interviews  (April 2023- May 2023)</p>	<p>We conducted 30-minute interviews with SMEs which participated in the HtGM scheme but not the HtGD scheme. These interviews covered the SMEs' knowledge, interest and awareness of HtGD as well as their experiences of digital adoption where relevant.</p>	8 interviews	N/A
<p>Feedback survey  (February 2022- September 2022)</p>	<p>This was a survey initially administered by BEIS and then by RSM, hosted as a link on the HTGD website. It collected anonymous feedback from businesses that visited the platform, regardless of whether they went on to apply for a discount voucher. Due to a low number of responses, this data has not been included in the overall analysis.</p>	26 responses	N/A



## Analysis

### Surveys

Surveys have been analysed using Excel for descriptive statistics to identify **the profile of SMEs** who responded. In addition, free text responses were analysed inductively via qualitative thematic analysis to identify themes about barriers to technology adoption, potential improvements to the HtGD offer, and wider feedback from SMEs. As part of this evaluation, four surveys were conducted:

- **Application completion survey**- This data has been used to create descriptive statistics regarding SMEs experience of applying to the HtGD scheme to assess which features SMEs found valuable. Due to limited responses (152), sub-group analysis was not possible.
- **Predictiv survey**- Data from the online survey was analysed by BIT using R. The analysis focused mainly on a set of descriptive statistics to assess the impact of potential changes being introduced to the scheme. Additionally, linear regression was used to test if the behavioural insights informed description had an impact on willingness to take-up the scheme.
- **Follow-up survey**- Data from the follow-up survey has been analysed to create descriptive statistics to supplement the findings from other qualitative and quantitative data sources. Due to limited responses (106), sub-group analysis is not possible.
- **Feedback survey**- Analysis of the feedback survey has limited value given the very low level of responses (26). Therefore, this has not been included in this report.

### Interviews

Interviews were analysed via a combination of deductive and inductive techniques to identify themes emerging from SMEs, vendors and wider stakeholders. Interview notes were coded and inputted into an analytical framework, sub-divided into themes as per the interview topic guides and mapped onto each HLQ. While the analysis process was mainly inductive, the HLQs provided a high-level framework to identify the most salient themes emerging from the interviews for the purposes of this report. Themes have been drawn out against each of the HLQs including unexpected outcomes and process findings.

### Management Information Data

Unique identifiers for SMEs were linked to information on discount vouchers to identify the profile of SMEs who used the scheme. The MI holds data on both successful and unsuccessful applicants. Given the data available, this evaluation has profiled SMEs by size (defined by the number of employees), sector, region and type of software purchased. Given limited scheme uptake, sub-group analysis is not possible.

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