Interim report

Department for Business & Trade

INTERIM REPORT – PREPARED BY THE SME DIGITAL ADOPTION TASKFORCE

For the Department for Business and Trade

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Executive Summary

The UK government has set out its priority to achieve the highest sustained growth in the G7. Achieving this will require action on several fronts, with the government working in partnership with the private sector to deliver this crucial outcome. But sustained growth can only be achieved if small and medium-sized businesses (SMEs) are engaged in this endeavour.

As of 2024, there were 5.5 million small businesses, 99.8 per cent of the business population who employ two thirds of working people.[1] They have an essential role in unlocking the growth potential of the UK. Making this happen will involve a variety of measures. But we stand at a pivotal moment where the urgent need to empower the UK's small and medium-sized enterprises (SMEs) intersects with an incredible opportunity to utilise new digital technologies and transform the way our economy works. The increasingly global digital economy demands that we act now to ensure that our SMEs are not only competitive but leaders in productivity, innovation, and success.

We know that this government recognises the role of SMEs in the economy, and the need for better digitisation support to deliver on a modern industrial strategy. The continuation of this taskforce is a microcosm of these efforts. The goal of the UK government SME Digital Adoption Taskforce is to work collaboratively with the government, SMEs and wider industry to empower SMEs through high-impact policy interventions, making available industry partnerships, and tailored programmes that dismantle barriers, build capabilities, and promote widespread technology uptake.

This interim report, written and developed by the taskforce, outlines a vision to accelerate digital adoption among the UK's SMEs. It sets out our aspirations, theory of change, and some initial interventions that will help the UK to meet this ambition.

Drawing inspiration from international best practice, the report advocates for a holistic approach, leveraging all governmental tools to deliver impact. In tandem, we call for targeted interventions that have precision and impact, using relevant data and careful evaluations to guide our actions, helping ensure the meaningful impact of every policy and initiative. This will result in improving the UK's position on international technology indices like those published by the International Institute for Management Development and European Commission's Digital Economy and Society Index (DESI) dashboard for the Digital Decade.

[1] GOV.UK (2024) 'Business population estimates for the UK and regions 2024'

The taskforce note that this is an interim report to signify intention and where the government should prioritise their initial efforts to drive change. We will continue to work with the government ahead of, and following, the release of a final report. Alongside this interim report, we have also workshopped recommendations to guide the government's thinking. Through our networks and upcoming activity, the taskforce will test our initial thoughts with SMEs, the wider business community and other stakeholders. This will build on initial efforts to ensure that our recommendations are robust, evidence based and have the best chance of success.

1. The case for change

The case for action is undeniable. Digital adoption has the potential to unlock significant productivity, efficiency, and economic value. Research from the Federation of Small Businesses reveals small businesses that introduced innovation into their business have seen a 14.8 per cent increase in revenues as a result of doing so.[2] Sage's research has also shown that untapped tech adoption could boost the economy by £232 billion.[3]

Ultimately, this means time back for UK SMEs to sustain their business and seize growth opportunities. Utilisation of digital tools could save SMEs the equivalent of multiple working weeks annually, and up to 1.2 hours per week per worker.[4]

Industry is already leading the way in providing SME digitisation support, but the government must use its convening power to drive real change. This is about the government creating the right conditions to drive investment and encourage the private sector to invest in sustainable business models. The modern Industrial Strategy presents an opportunity for this. Such a strategy must ensure ongoing efforts through the cross-government review of tech adoption, development of the Business Growth Service and small business 'Command Paper' are consistent and make the most use of public finances to deliver return on investment for taxpayers.

The taskforce recognise that numerous previous policy interventions have shown promise and received positive user feedback. However, their limited scale and uncoordinated nature has failed to achieve the broader impact required. Nowhere was this clearer than the government's Help to Grow: Digital programme.[5] Evaluation of its failure reveal this fell short due to design flaws, limited reach and lack of a well-thought through marketing campaign, along with misalignment with SME needs.

[2] Federation of Small Businesses (2023) 'The Tech Tonic'
[3] Sage (2022) 'Untapped tech adoption could boost UK economy by £232 billion'
[4] Cambon et al (with additional support from the entire AI and Productivity team at Microsoft (2023) 'Early LLM-based Tools for Enterprise Information Workers Likely Provide Meaningful Boosts to Productivity'
[5] GOV.UK (2023) 'Evaluation of Help to Grow: Digital'

In contrast, international initiatives like Singapore's SMEs Go Digital[6] and New Zealand's Digital Boost[7] demonstrate the effectiveness of bold, high aspiration, multi-pronged strategies. These programmes understood their intended audience and combined targeted support, financial incentives, regulatory reforms, and accessible training to drive transformative shifts in digital adoption across a wide range of businesses. The taskforce calls for the UK to embrace a similarly ambitious approach to unleash the full potential of our SMEs.

[6] IMDA (2025) 'SMEs Go Digital – Singapore'
[7] Business Govt NZ (2025) 'Digital Boost'

2. Delivering the change: Our aspiration and theory of change

Our aspiration

To meet the challenge presented, the UK government must continue to aim high. This starts with a signal of commitment through clear aspirations and targets. This will give businesses the confidence, stability and trust to invest in, and adopt, digital technology. Along with rallying the government and its partners around clear goals.

As we begin this project, the taskforce believes that the government should lay the groundwork for a long-term strategy through clear aspirations. These could include:

- **By 2035, the UK's SMEs to be the most digitally confident and AI enabled in the G7.** This is possible with access to the right infrastructure, incentives, skills, support and leadership to leverage digital tools and AI.
- **Seize the UK's already leading position global in the tech and AI sector.** The UK is the first country in Europe to produce over 160 tech unicorns,[8] and the combined market value of UK tech companies is now over $1 trillion.[9] Do this by diffusing this expertise and empowering our SMEs to become global pioneers in digital and AI adoption.

[8] Great Campaign (2025) 'The $1 Trillion Unicorn Kingdom'
[9] UK Government (2025) 'Artificial Intelligence'

Our theory of change

This report envisions a decade-long push that combines immediate, evidence-based actions with longer-term cultural, behavioural and skill-building initiatives. To get started and to help design a plan that meet these aspirations, the taskforce have developed a theory of change based on the most successful global digital adoption programmes. We have then recalibrated these to fit the UK context.

Over time, the strategies set out in our theory of change should reinforce one another and, through a test and learn approach, build to meet our ambitions. Initial successes among motivated SMEs pave the way for more ambitious, economy-wide reforms, generating sustained improvements in digital maturity and global competitiveness.

By aligning policy measures with trusted industry partners, delivering targeted incentives, and offering user-focused training and guidance, the UK can move from a patchy record of adoption to continue the path towards a leading digital economy.

Action	Effect	Proposed change
Create the resources through a scalable online platform.	An online platform will provide tailored guides and support to UK SMEs to support businesses at every stage of their digital journey from technology selection to ongoing optimisation. The platform will utilise best evidence from industry and AI tools to provide tailored guides and support to each SMEs unique businesses and challenges. This mirrors similar guides and resources prepared by the leading digital adoption policies in New Zealand and Singapore. We propose leveraging new AI technologies to create more scalable, customisable and efficient solutions.	Working in partnership with existing platforms and the private sector, make support resources available to all SMEs that can be leveraged by a wide range of business support organisations and integrated into Local Growth Plans.
Target those most likely to utilise support.	An activation campaign will be created to engage and shift behaviours in those businesses most likely to take up and benefit from support. The taskforce point to the brand success of campaigns such as 'Made in the UK, Sold to the World', a cross-cutting, national export promotion campaign.[10] This	Targeting those most likely to engage with new support will help drive early ROI for the programme as well as helping troubleshoot issues around the design of any interventions. This

[10] GOV.UK (2021) 'Made in the UK, Sold to the World'

	has built brand recognition in supporting businesses to export to Europe. These businesses, sized between 10 and 49 employees, and who have already shown an openness to business support, will spearhead our efforts and can provide feedback to improve our interventions, helping benefit the rest of the UK's SMEs.	would help scale impact to all SMEs across UK regions.
Leverage behavioural science to understand the process that drives businesses to become more digital.	Use behavioural science expertise (including the Behavioural Insights Team and trade associations) to ensure that we develop a deep understanding of the different journeys SMEs take when successfully adopting new technology.	Ensuring that private and public investment accurately targets long-term impactful changes in SME use of technology, maximising ROI.
Improve our data on small business digital adoption.	Through intervention-specific evaluations and by working with the ONS to gather Eurostat, OECD figures, we will gather the best data possible to track our impact and measure success utilising international comparisons.	Improving our ability to measure impact and compare our progress to that of other countries.
Utilise economy wide regulatory changes to spur digital adoption.	Implement essential infrastructure improvements, including the swift introduction of E-Invoicing standards and further advances in initiatives like Making Tax Digital (MTD). These actions will enhance the regulatory environment and simplify business operations. Similar efforts were deployed, alongside tailored and targeted interventions, in Singapore, New Zealand and now across the EU to further drive digital adoption.	By raising SME expectations and aspirations, we can create more routes for SMEs to access additional technology. This will also achieve economic and government efficiencies already being taken advantage of by our competitors.
Create a single point of responsibility	Following the example of the most successful digital adoption programmes, a single point of responsibility	Strong accountability will ensure that the programme remains on

within government to drive change over the next decade.	should be created in government to oversee and track the implementation of a digital adoption strategy. This responsibility must sit between government ministers, officials and industry partners. Alongside this, utilise effective data to help meet our ambitious milestones and set the aim for the project to drive change over a ten-year period.	track and that failures and success can be rapidly identified. We propose the acceptance of a test and learn approach which should be robustly defended by government and its partners.
Continue to build on our initial steps.	Following this report, the SME Digital Adoption Taskforce will continue to use our respective networks to test recommendations with SMEs, wider industry and government. This will also identify deployment plans for regional, local, and sectoral support, inspired by successful models such as the Made Smarter Adoption Programme[11] and Ireland's Connected Hubs initiative.[12] Alongside this, the taskforce will explore innovative financial and fiscal incentives to drive digital adoption. This will alleviate SMEs access to finance and cashflow, making it easier to invest in the digital tools they need for greater productivity. We reiterate that the government must align ongoing initiatives, such as Skills England and the AI Opportunities Action Plan, and upcoming initiatives, such as the Business Growth Service,[13] and 'Small Business Command Paper'[14], to better support SMEs. Efforts must work in tandem to deliver real change.	The UK has the best chance of making various interventions 'more than the sum of their parts' by exploring new initiatives and testing these with SMEs, as well as ensuring that all the arms of government support are working together.

3. The ambition: Growth and prosperity for UK SMEs through the adoption of digital technology

In today's fast-paced business landscape, technology isn't just a tool, it's the beating heart of many successful enterprises. From streamlining operations to connecting with

[11] GOV.UK (2024) 'Made Smarter Adoption research project'
[12] Connected Hubs (2025) 'Connected Hubs – Home Page'
[13] GOV.UK (2024) 'Government growth service to save small business time and money'
[14] UK Parliament (2024) 'Small Businesses: Scaling Up – Hansard – UK Parliament'

customers, adopting technology solutions has become the cornerstone of small business performance.

While many SMEs may view the adoption and use of AI as another challenge in embracing new technology, the taskforce recognises it as a powerful opportunity. AI can serve not only as a potential gateway into broader technology adoption but also as a transformative tool, enabling solutions which support SMEs to scale and make a significant impact on the economy.

In the rapidly digitising business environment, the UK is home to some of the most innovative firms in the world and a natural place for businesses to adopt digital and emerging technologies. Indeed, we are ranked fourth on the Global Innovation Index 2023 and the highest ranking G7/G20 economy.[15]

However, despite this headline figure, the UK has historically fallen behind when it comes to the adoption of digital technologies among our SMEs.

The state of digital adoption among UK SMEs:

Across the UK's 5.5 million small and medium-sized enterprises (SMEs)—which account for 99 per cent of all businesses—digital adoption remains a persistent challenge. Although management and technology uptake are deemed critical by many SMEs, research by Be the Business indicates they invest less in these areas compared with peers in other G7 nations.

Larger organisations consistently outperform SMEs in leveraging digital tools, as highlighted by the Centre for Economics and Business Research (CEBR). Research by the Federation of Small Businesses has shown that small businesses do want to innovate and digitise, but often lack the time, resources and expertise of larger organisations to make this a reality.

The Productive Business Index, produced by Be the Business in 2024, found that more than 4 out of 10 (42 per cent) of SMEs had no plans to introduce or expand the use of AI, amounting to a staggering 2.4 million businesses that could be left behind by this new technology.

[15] WIPO (2023) 'Global Innovation Index 2023'

Continued…

Further demonstrating a lack of confidence among SMEs, the British Chambers of Commerce's Insights Unit recent survey from 2024 of over 1,200 businesses (predominantly SMEs) found that 43 per cent of businesses had no plans to use AI technology. When looking at the barriers to adopt AI, many businesses reported thinking that they had a lack of understanding of AI, as well as concerns around investment cost, reliability, or risks of scams or privacy.

Lower productivity and limited business investment have weighed on UK competitiveness, and new evidence suggests these problems could worsen with the rise of AI. Office for National Statistics (ONS) studies show smaller businesses often feel unprepared and under-resourced to adopt emerging technologies, a finding echoed in academic analyses.

In 2023, the World Digital Competitiveness Ranking also revealed the UK ranked 20th out of 64 economies for the adoption of intermediate digital technologies, behind many comparable economies.

This scenario represents both an economic and behavioural shortfall. Despite recognising the value of digital innovation, many SMEs overestimate their current capabilities, leaving them vulnerable in a rapidly evolving market according to Be the Business.

However, SMEs want to innovate. The Federation of Small Businesses' research shows that 39 per cent would be encouraged to innovate were the right support in place. Research from Be the Business shows that even moderate increases, such as a one per cent improvement in SME productivity over five years could add an extra £94bn to the UK economy annually.

Encouragingly, other nations have demonstrated that bold and targeted initiatives can make a measurable difference. Singapore's Go Digital and New Zealand's Digital Boost programmes illustrate how coordinated interventions can transform SMEs' digital capabilities over five to ten years by giving SMEs the support they need. Moreover, the rapid proliferation of cloud computing and software-as-a-service tech products has made accessing new technology more affordable and more easily accessible.

3.1. The prize on offer

For small businesses, the benefits of embracing technology extend far beyond mere operational enhancements: they are a gateway to significant savings, greater security, evidence-led decision-making, new sales and, ultimately, business success.

Enterprise Nation's research found that with the right support, business leaders who adopt technology could unlock three and a half weeks of time each year.[16]

Research by Sage identified that SME technology usage contributes £216 billion to the UK economy, but if SMEs unlock the full benefits of technology, this could add an extra £232 billion, boosting the value of tech use to the UK economy by almost double to £448 billion annually. Sage's data shows that these benefits would be distributed across all regions and nations of the country.[17]

Even small increases in digital adoption could have significant impacts, in Public First polling for Amazon Web Services,[18] two thirds (66 per cent) of SMEs who aren't already using cloud infrastructure thought it was likely that they would benefit from using it. An analysis of the economic impact of an increased take up in cloud technologies shows that this could generate an additional £38 billion for the UK economy over the next five years. These benefits would be spread across all regions and nations for the UK, creating, for example the potential for an additional £2.5 billion in economic value in the West Midlands, and £3.9 billion in economic value in the North-West, both over the next five years. [19]

Case study 1 - Hannah Freeman, Sales Director, The Tap Specialist: Technology is everything to our digital business, from fraud prevention to livestock feeds. Instant live chat functionality allows us to give five-star service to all our clients and allows the site to run 24/7, 365 days a year. Next year, AI will take our business to the next level, from AI-fuelled content on our blogs, newsletters, and socials for improved SEO and business efficiency, to improved customer service functionality, and logistics tracking. With the rapid development of technology having expert recommendation, curation and even training is gold dust.

[16] Enterprise Nation (2023) 'Small businesses could get three and a half weeks back by embracing technology'
[17] Sage (2022) 'Untapped tech adoption could boost UK economy by £232 billion'
[18] Public First (2024) 'Driving Digital Acceleration'
[19] Same reference as above.

Case Study 2 - Tai Ray-Jones, managing director, Old Tree Brewery Ltd: While we focus on making handcrafted, small-batch drinks, we also use many cloud-based services across all aspects of our business. We've tried our best to reduce the amount of paper and handwriting as much as possible, and things are so much easier and better organised now than they've ever been. But we are looking to upgrade many of our systems to become even more efficient and grow. There are so many options for everything out there, and we would really appreciate having the opportunity to speak with experienced individuals in our industry about the types of systems and services they've used over the years, and which might best fit our needs.

Case study 3 - Sanjay Aggarwal, Co-Founder of Spice Kitchen

Spice Kitchen reflects the culinary legacy of Sanjay's mother and the business' co-founder Shashi Aggarwal and her treasured 100-year-old spice grinder. What started as a hobby for Shashi has evolved into a reputable and multi-award-winning brand.

Spice Kitchen however faced cash flow challenges due to seasonal sales fluctuations, especially during Christmas, and economic downturns. A turning point occurred during a business growth program when a coach advised Sanjay to revamp his financial operations. Spice Kitchen moved from basic financial practices to integrating advanced technological solutions, including hiring a mid-sized accounting firm and adopting Xero as their core accounting software in 2017. Xero automated processes, providing real-time insights across sales channels like Shopify and Amazon, and enabled detailed reporting to inform strategic marketing decisions. Apps like Chaser, Dext, and Soldo further optimised financial management. This shift allowed Sanjay to concentrate on sales and marketing, driving business growth. Spice Kitchen expanded its market presence, launched a cookbook, and entered the US market. Sanjay credits these successes to a strong technological foundation and a supportive team, emphasising technology's role in sustainable business development.

3.2. A patchy track record

According to the International Institute for Management Development's (IMD) World Digital Competitiveness Ranking conducted in 2024, the UK ranked 18th globally for overall performance in digital competitiveness.[20] The study found that the UK ranked 25th on the metric of future digital readiness, and 21st on IT integration. This level of preparedness correlates with much of our domestic evidence base that while UK SMEs have digital capability, it is generally overstated with a perception gap between how SMEs view their digital confidence and readiness versus that of SMEs in the UK's international peers.[21]

In the years following the Covid-19 pandemic, there was a significant increase in UK businesses adopting basic digital technologies at pace. Research from the Federation of Small Businesses (FSB) shows that over half of small businesses (53 per cent) who participated in the research currently use an online platform as part of their business, and three in ten (29 per cent) of those surveyed indicated that they utilise platforms to trade internationally.[22]

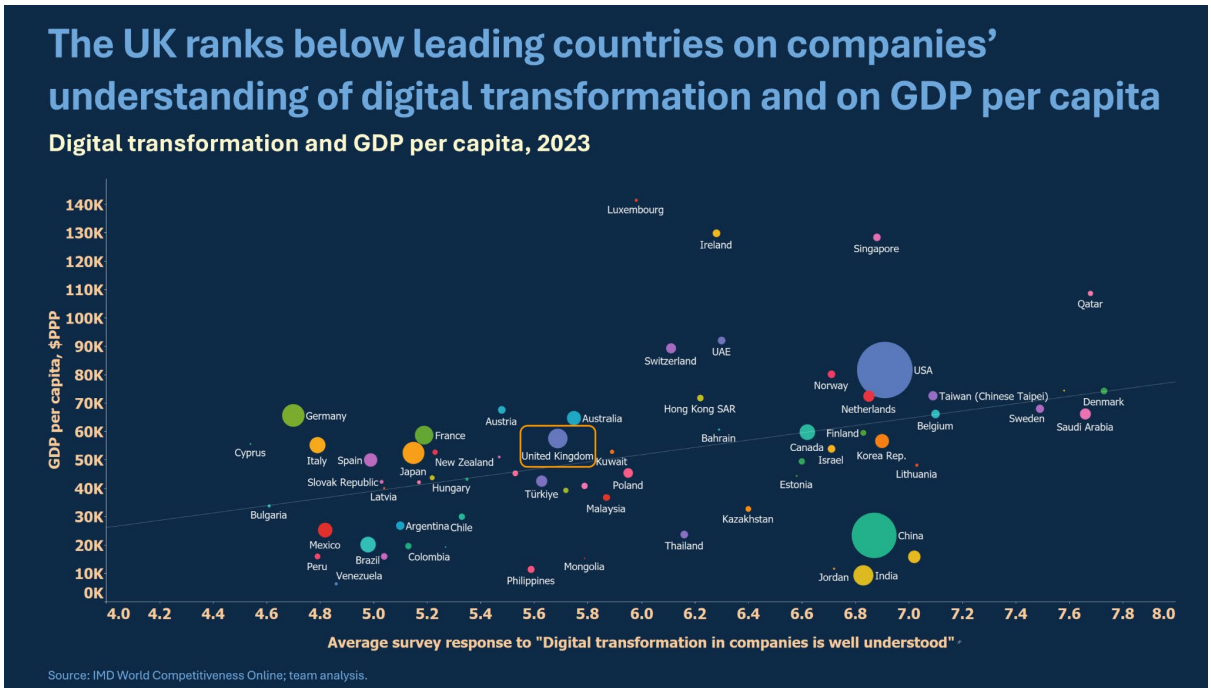


Figure A: Digital transformation and GDP per capita, 2023
Source: IMD World Competitiveness Online, team analysis

[20] IMD (2024) 'World Digital Competitiveness Ranking'
[21] Be the Business (2023) 'Be the Business G7 Productive Business Index'
[22] Federation of Small Businesses (2023) 'Call for reform to protect and promote small businesses in online marketplaces, as new research revealed'

In the aim to create more competitive, more digitally capable businesses the UK has a number of successful initiatives. For example, Tech City (and later Tech Nation)[23] and the Made Smarter Adoption (MSA) programme[24] are initiatives with strong geographical and sectoral impacts respectively. Looking ahead, there are key lessons that can be drawn from their success.

The Made Smarter Adoption programme provides SMEs with a range of fully funded support services to help manufacturers realise, and engage in, the benefits of adoption digital technologies. Support is localised across different regions of England. Demonstrating the value of a targeted approach, research showed the most common way for beneficiaries to find out about the programme was through a direct approach from business advisers, followed by access through peers and colleagues.[25] Of note, of the firms that adopted digital technologies through Made Smarter, 97 per cent reported benefits, including improved production and planning efficiency, and reduced costs.[26]

Tech City UK (TCUK) was established in 2010 to address the barriers and challenges to starting and growing digital tech businesses and the digital tech sector initially in London and then expanded to the rest of the UK. An impact evaluation of the programme revealed that TCUK brought together a package of support to deliver synergies, rather than simplifying an effect 'through the sum of individual parts'.[27] For example, the 'business lifecycle programmes' supported broader promotional efforts and elevated the national prominence of Tech City and enhanced the UK's digital sector on the global stage. This, in turn, attracted greater business engagement and further strengthened the ecosystem.

To address the broad issue of SMEs digital adoption, the previous government launched an ambitious policy, Help to Grow. This included both a 'Digital' and 'Management' component. While Help to Grow: Management found success by delivering specific modules through partner institutions, Help to Grow Digital aimed to deliver £296 million of vouchers to increase the uptake of productivity boosting software. [28] Despite the ambition of the programme, it was not successful due to the narrow focus and flaws in the design and delivery of the initiative.

[23] Greater London Authority (2024) 'Tech City – Greater London Authority'
[24] Made Smarter (2025) 'Adoption'
[25] GOV.UK (2023) 'Made Smarter Adoption Research Project: Summary Report'
[26] Same reference as above.
[27] SQW (2017) 'Tech City UK Impact Evaluation'
[28] GOV.UK (2022) 'Evaluation of Help to Grow: Digital: Final Evaluation report'

Help to Grow: Digital – Why did it not succeed?

The Help to Grow: Digital (HtGD) Programme was ambitious in its objectives and correctly identified barriers to adoption by UK SMEs, particularly cost barriers. However, it fell short of its intended reach and impact due to a combination of design, implementation, and contextual factors. Overall awareness and engagement were far below expectations. Although the scheme aimed to support 100,000 SMEs, fewer than 1,600 applied before it closed. This was largely because marketing and promotion were insufficient and poorly targeted. Many businesses simply never learned of the scheme, while others who might have benefited most—those with limited digital awareness—were never effectively reached.

Second, the scheme's eligibility criteria and scope were initially too narrow, limiting it to slightly larger SMEs (5-249 employees). By the time eligibility was broadened to include smaller firms (with fewer than five employees), it was too late. The range of available software products (limited to CRM, accounting, and e-commerce) was also too narrow. SMEs wanted a more diverse selection and the flexibility to upgrade existing systems or tailor solutions to their particular needs. The voucher model was rigid, making it difficult for businesses that had already begun digital adoption or those seeking more advanced solutions.

Third, the lack of integrated, one-to-one support for SMEs—beyond written learning materials and online tools—meant that less digitally savvy businesses had neither the guidance nor the confidence to proceed. Vendors and advisory stakeholders agreed that more direct, personal assistance was needed to help SMEs identify what technologies would be most valuable and how to integrate them.

Finally, the scheme took a highly risk-averse approach, focusing heavily on due diligence and fraud prevention. This slowed decision-making and led to a limited product offer. Although understandable in a post-pandemic context, this cautious stance hindered the scheme's ability to adapt rapidly or incorporate feedback.

Looking forward, future government programmes should engage more proactively with local networks, such as enterprise hubs and trade bodies, from the outset. This would improve targeted outreach to engage those who would most benefit from using digital tools. Greater agility in decision-making and the ability to adapt eligibility criteria or product offerings quickly would ensure the scheme remains responsive to SME needs. Providing face-to-face or personalised advisory services, rather than relying solely on online materials, would help less digitally aware firms overcome barriers. Offering a broader range of technologies or exploring flexible incentives (like tax relief) could expand the programme's appeal.

The government's full evaluation of the programme can be found here.

3.3. What does success look like?

Despite the shortcomings of the Help to Grow Digital programme, we stand at a pivotal juncture, with an opportunity for this government to deliver a robust package of support for SMEs digitisation in the UK. To achieve this, the government should draw on successful international models as benchmarks for effective implementation. The taskforce highlight global initiatives that have helped deliver accelerated digitisation across a wide range of SMEs.

Notable successful examples include Singapore's 'SMEs Go Digital' programme[29] and New Zealand's Digital Boost programme.[30]

We note that successful programmes have common themes to help drive success. These include:

- Significant ambition from the outset, with political backing from senior ministers to enhance awareness and support.
- Accountability for delivery often measured against pre-defined metrics.
- Funding is often committed and sustained throughout the lifetime of the programme.
- Support and resources are targeted at those in greatest need which is tailored to meet business needs, i.e., through individual consultancy services and financial grants.
- Resources are pooled into sustained marketing campaigns to ensure engagement is maintained and programmes are updated to meet current needs.
- Programmes are easy to navigate, i.e., through a 'one-stop shop' website page, supporting SMEs who are often pressed for time.
- Broad regulatory changes have been introduced alongside programmes to further boost digital adoption.

[29] IMDA (2025) 'SMEs Go Digital – Singapore'
[30] Business Govt NZ (2025) 'Digital Boost'

Singapore - SMEs Go Digital Programme

Singapore's 'SMEs Go Digital' programme was launched in 2017 by the Infocomm Media Development Authority (IMDA) to help small businesses adopt and use digital technologies to seize growth opportunities in the digital economy.

The programme is comprehensive and includes a wide range of support. These include:

- **Tailored support** through **Sector specific Industry Digital Plans (IDPs)**. IDPs provide SMEs with a step-by-step guide to identify suitable digital solutions and training programmes to equip employees with the right skillsets.
- **Grants** through the Productivity Solutions Grant (PSG), help small businesses looking for IT solutions and equipment, along with funding individual projects intended to improve productivity.
- **Consultancy** through **Chief Technology Officer-as-a-Service,** a one-stop self-help platform allows small businesses to identify digitisation needs and access customised advice.

Alongside the creation of Go Digital, the IMDA also enacted regulatory changes to encourage digital adoption. This includes an e-invoicing framework, new digital payment regulations and regulatory sandboxing for more digitally advanced SMEs.

Singapore's package of interventions has demonstrated significant success. By the end of 2020, over **50,000 SMEs** had benefited from the Go Digital programme, with many adopting entry-level digital solutions. Small businesses in sectors like retail and food services also experienced a **25-30 per cent increase in productivity** after adopting digital tools ranging from e-invoicing, e-commerce platforms and CRM systems.

The programme had high-profile political ownership and was led by senior government ministers with regular scrutiny by Singapore's Parliament. Holding ministers to account on delivery, success has also been measured against pre-defined metrics.

New Zealand - Digital Boost

The New Zealand Digital Boost programme, launched in late 2020, supports small businesses to transform their operation models through the adoption of digital tools, process changes, new skills and capabilities and deeper business insight through data.

The programme is free to all New Zealand small businesses and includes a range of services:

- Training and workshops, mentoring, funding and grants, expert advice and access to over 350+ short educational videos that cover a wide range of topics.
- Access to diagnostic tools to evaluate website performance and real-world stories to help businesses gain inspiration from other successful companies.
- Recognising time constraints for small business owners, the programme provided short, targeted resources and developed features like “Digital Boost Checkable” to help businesses assess and improve their digital presence.

Over a two-year period, the Digital Boost programme, combined with other efforts, had notable successes:

- Over 80 per cent of participating businesses had a website by 2022, with a 32 per cent increase in e-commerce-enabled sites.
- By August 2022, 32,000 businesses were registered, representing a wide range of industries and regions. Most users felt satisfied with the programme, with 79 per cent willing to recommend it.
- Businesses engaging frequently with the platform experienced higher revenue growth, with 39 per cent of weekly users reporting increased earnings compared to 8 per cent of infrequent users.
- Participants also reported improved resilience, better customer engagement, and greater optimism about their digital futures.

Of note, the programme maintained significant efforts to re-engage users who visited less frequently. This included mail campaigns, live events, and expert advice sessions to sustain user involvement.

While exact estimates for the cost of the programme are unknown, the Ministry of Business, Innovation and Employment (MBIE) made an initial $20 million funding available. Following the success of the pilot programme, additional funding was provided during Budget 2021 for an additional two years.

Alongside its flagship support programme, the Ministry of Business, Innovation and Employment (MBIE) also made a number of regulatory changes to help boost digital technology uptake. These included the creation of a new e-invoicing framework and broader action plans on digital inclusion and skills.

Denmark - SME:Digital Programme

Denmark's SME:Digital programme is a nationally recognised initiative designed to boost SMEs in their digitisation journey and address key barriers to digital adoption. Demonstrating a holistic approach, the programme combines financial grants, access to consultancy, and tailored skills development.

Key components of the SME:Digital programme include:

- **Grants for digital investments:** SMEs can apply for grants to support digital transformation, including investments in new technologies, automation of manual processes, and enhanced IT security.
- **Consultancy support:** Participating SMEs receive expert guidance from private consultants who help assess their current digital capabilities and implement tailored solutions.
- **Access to technology testing:** Businesses can borrow and test technologies such as robotics before making major investments, reducing risk and promoting informed decision-making.
- **Skills development:** Subsidised training is available for employees and managers through initiatives like the Digital Paths to Growth and Digital Management Culture programmes.

Denmark's SME:Digital programme also includes initiatives to inspire SMEs by showcasing case studies of successful digital transformations and creating a support network where businesses can share their experiences and best practices.

This comprehensive approach makes Denmark a comparable example of how national programmes can enable long-term digital adoption among SMEs. A 2024 EU Digital Decade 'Country Report' shows that 75 per cent of Danish SMEs now have at least a basic level of digital intensity (above an EU average of 58 per cent). The programme, which is still operational, has an EU target to reach 90 per cent.

4. How we will deliver change for small businesses

Digital technologies hold the potential to transform UK businesses, driving productivity, growth and resilience. Yet, significant challenges remain, and not all businesses see the advantages that digital technology adoption could bring them.

Research from Be the Business[31] identified five main barriers that SMEs experienced by adopting technology:

(i) Technology products are often built for enterprise, not SME customers
(ii) Adoption looks too hard and costly
(iii) Switching from one technology to another feels too high risk
(iv) Lack of expertise and execution support
(v) End-user adoption problems

To help better target our proposed interventions, we need to identify the businesses that are most likely to engage with digital adoption support to help test and refine our offer, as well as exploring the broader strategies needed to drive adoption in the entire SME business population.

By prioritising outreach to those businesses most likely to adopt and benefit from digital technologies, we can ensure value for money in our initial interventions. At the same time, we will need to ensure that the support provided is accessible to every company and that we deploy broader measures—going beyond business support—to accelerate adoption across the wider market.

By balancing targeted efforts with systemic change, the UK can ensure its digital adoption strategy drives meaningful and lasting economic impact.

[31] Be the Business (2025) 'The UK's Technology Moment – why 2020 can be the year that changed our trajectory'

How we will deliver change for small businesses	
Support measures	These will be accessible to all businesses who need them. They will be scalable and allow for some kind of tailoring to the business' individual needs, utilising AI technology to do so.
Activation campaign	Focused on a target group of SMEs who are most likely to engage with the support provided, enabling a greater ROI on costly marketing campaigns and allowing us to show early results. This will help test, learn and refine the approach for the benefit of the wider SME community.
Economy-wide measures	Economy-wide reforms such as changes in regulation to increase SME openness and access to digital technologies.
Mapping SME digital adoption journeys	Understanding the different adoption journeys that SMEs take to successfully introduce, implement and operate technology in their businesses. Recognition of the complexity of the SME audience (one size fits all is unlikely to be successful), to tailor and target resources to deliver greater ROI and impact.

4.1. Measuring our progress

Reviewing the evidence, we see that UK firms are not enjoying the same support and incentives as many other advanced OECD economies to adopt digital technologies. The effects of this are seen in lower rates of digital adoption than in many comparable economies. This presents a unique opportunity to boost SME growth and productivity - and in turn, long-term UK economic competitiveness.

This taskforce's ambition is to meaningfully increase levels of digital adoption to support SMEs continued, and future, prosperity and growth. Over 10 years, we want the UK to have the most digitally confident and AI enabled SMEs in the G7.

To guide this, we set out a theory of change and provide practical interventions for the government to deliver alongside industry partners.

To do this, we need to identify and collect the right data against which progress can be measured.

While the UK has some good (if disparate) sources of data and research on businesses' digital adoption and performance, better data will be needed both at the national and international levels to monitor and evaluate impact and ultimately track performance against the ambitions set out in this interim report.

We have identified specific data needs to support this ambition:

- Consistent measures of digital adoption, by type of application and business, that are replicated at least annually, to track progress over time.
- Better data on its relative performance on digital adoption compared to peer countries.

For specific interventions, it is critical to embed robust data gathering, monitoring, and evaluation strategy from the outset. Prioritising these activities throughout programme delivery will ensure accountability, measure impact and drive continuous improvement. The government's Help to Grow: Management evaluation programme sets a benchmark for excellence in this regard. A similar approach should be used for digital adoption initiatives. The government will need to work with partners to ensure that they follow a similarly rigorous approach to monitoring, evaluation and data sharing.

At the national level, the UK should use its existing institutions, such as the ONS, and partner with key international data providers to ensure that it is included in the most important, comprehensive, and credible benchmarks; for example, data provided into the OECD and the International Institute for Management Development.

To ensure the UK has access to the best possible data and evidence, the government could seek to rejoin the data gathering process for the European Commission's (EC) DESI dashboard for the Digital Decade.[32] While the EC's DESI dimension 'Digital

[32] European Union (2024) 'DESI Dashboard for the Digital Decade (2023 onwards)'

transformation of businesses' is the most relevant for measuring digital adoption, the UK should seek to publish methodologically consistent data across all the DESI indicators. We are aware this may require special arrangements with Eurostat which the ONS, or another appropriate government department, should look to negotiate and put in place.

4.2. Our proposed target group

Businesses differ widely in their readiness to adopt and benefit from digital technologies, as well as in the barriers they face. Understanding these variations is critical to designing policies that maximise impact and inclusivity. We note that smaller businesses have more 'latent' potential for digital adoption, but size is not the only thing that matters for targeting support.

Business size tends to correlate strongly with digital adoption across many different domains, such as cloud storage, accounting, order management, billing, HR management, Enterprise Resource Planning (ERP), process automation, customer relationship management (CRM), and e-commerce.

Below, figure X illustrates this tendency using the latest available data from the Lloyds Banking Group.

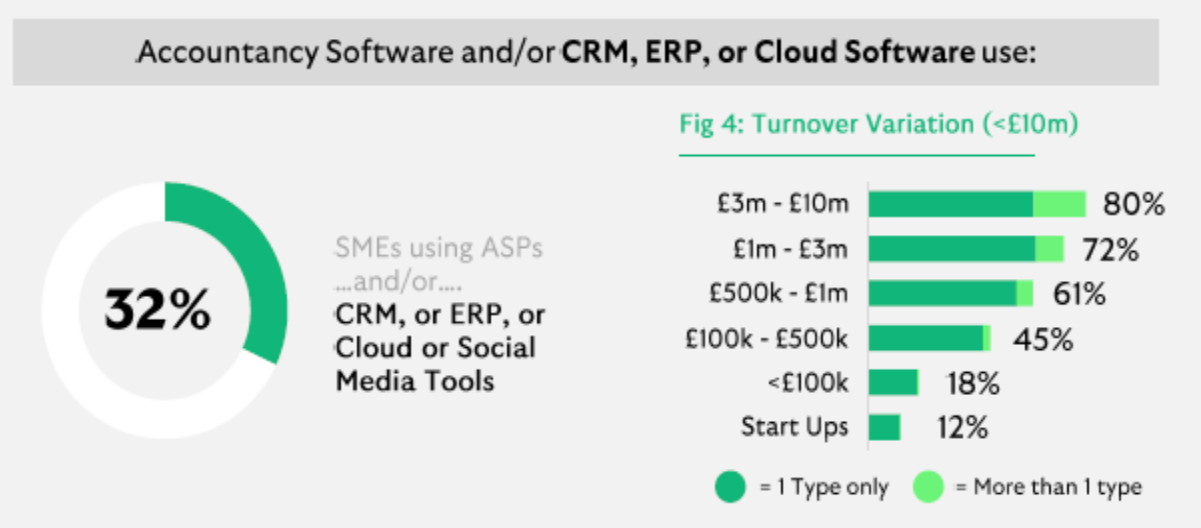


Figure X: Adoption of digital software by business size, 12 months to June 2024.
Source: Lloyds Banking Group Transactional Study.

These statistics indicate that the smaller a business, the more barriers it faces with digital adoption. This is not surprising given that micro and smaller businesses often tend to have less time and resources, less access to expertise, and an often-lower tolerance for risk. The flipside of this challenge, though, is a significant upside, smaller businesses have higher 'latent' potential to benefit from digital adoption. On the face of it, this strongly suggests that government and industry support for digital adoption should focus on smaller businesses.

However, there is a balancing argument to be considered in favour of targeting slightly larger businesses. For instance, the more employees a business has, the higher the number of people whose productivity is enhanced by deploying digital technology.

The per-business-costs of targeting, engaging in and supporting digital adoption are likely to be relatively fixed, so the taskforce expects the overall value for money to be best for businesses in the **10-49 employees bracket** (i.e., neither medium sized nor micro businesses). Within this group, if it were possible to disproportionately target **growing businesses**, this would mean that any interventions have a bigger footprint in the future, too. As figure Z (Annex 2) illustrates, businesses in this size band tend to be more digitally mature than micro businesses but still have significant potential to boost digital adoption.

Finally, size is not the only criterion that matters for targeting digital adoption support. The taskforce note that **digital maturity and mindsets** are also important.

Highly ambitious, technology-savvy, digital-native start-ups and scale-ups with access to smart capital - even if still small - are likely to have the awareness, incentives, knowledge and networks to make the most of digital tools. Therefore, targeting them with government or industry support is unlikely to be the best use of scarce resources. At the other end of the spectrum, businesses that are deeply sceptical about technology are less likely to engage with support.

Considering the evidence, there is a case for a targeted activation campaign towards SMEs who could be defined as **curious** and more likely to be actively inquiring about support to help them to grow.

As a start, the government's Small Business Survey estimates that 27.3 per cent of small businesses have sought some kind of business support in 2023.[33] An initial pilot programme could target this group, putting 1.5 million of the UK's 5.5 million SMEs within scope. Narrowing this down further to SMEs in 10 and 49 bracket could form a core targeted group of those who are likely to benefit from a targeted intervention and already engage with tools to help their business. This group are also more likely to have trusted advisers or be linked into business or support groups. We note that this is initial thinking and further analysis to define curiosity and guide a targeted campaign should be done.

Demonstrating success of targeted interventions that can reach significant numbers of SMEs, New Zealand's Digital Boost programme registered 32,000 businesses.[34] This was largely through more manual methods developed before the rise of widely accessible AI models. We therefore see an opportunity for the UK to build on the success of this kind of programme, enhanced by AI.

4.3. More systemic changes

[33] GOV.UK (2024) 'Small Business Survey 2023: panel report'
[34] Ministry of Business, Innovation and Employment (2022) 'Digital Boost Evaluation Research August 2022'

In addition to targeted support, broader interventions will be required to move the needle on the UK's digital adoption.

While targeted interventions for SMEs in the 10-49 size bracket, such as mentoring campaigns and expert support, represent a valuable opportunity to drive digital adoption among willing and capable businesses, more is needed to achieve transformative change at scale. The support that is pushed to this audience will need to be available and relevant to every SME. We note that the very smallest businesses below this 10-employee threshold are some of the most innovative in the economy and hold significant potential for digital adoption, forming over 95 per cent of UK businesses.[35] To achieve change at scale, digital adoption will need to be inclusive and accessible.

Our initial target group can identify early success markers, opportunities to test and learn from our approach, as well as useful anchors to bring more SMEs into the programme. The solution then lies in finding innovative ways to scale successful solutions. Utilising new AI technologies could support this, where sector and even business specific guides and diagnostics could be automated.

To increase digital adoption across all 5.5 million of the UK's SMEs, such scalable solutions as well as systemic interventions will be essential. Broad-based measures, such as raising minimum standards, introducing industry-wide regulations, or incentivising compliance with digital best practices, can complement other efforts. They help to create an environment where digital adoption is not just encouraged but expected. In the most successful international examples, a combination of direct support is utilised alongside broader systemic changes to achieve success.

[35] GOV.UK (2024) 'Business population estimates for the UK and regions 2024: statistical release'

A rising tide lifting all boats – How the EU's VAT in the Digital Age Programme will encourage digital adoption across its 27 member states:

Through its VAT in the Digital Age Programme, the European Union aims to reduce operational costs for all businesses within the bloc by mandating e-invoicing standards. A primary benefit is automation, where e-invoices automatically populate data fields, easing compliance reporting and VAT submissions, which enhances governance efficiency and reduces burdens. By lowering administrative expenses, SMEs gain a competitive edge in the single market.

Moreover, e-invoicing serves as a foundational layer for additional innovative applications, benefiting both business and the public sector. For enterprises, it automates compliance reporting, simplifies VAT and customs declarations, and supports environmental, social and governance (ESG) sustainability reporting. Additionally, it enhances access to finance by integrating digital payment solutions, improving transparency and security.

For public authorities, e-invoices improve revenue information, aiding in budget planning and fiscal policy. They enable predictive tax calculations, potentially powered by AI, while ensuring human verification. Moreover, as a robust dataset of economic transactions, e-invoices enhance fraud detection capabilities, crucial for addressing the VAT Gap, estimated at $93 billion in 2020 within the EU.

The EU's approach to e-invoicing is part of their Digital Europe programme which seeks to learn from international examples and provide targeted support for digitisation, as well as broad based reforms to encourage businesses to engage with digital technology as part of their everyday business activity.

Scaling business support programmes – Enterprise Nation Tech Hub:

Tech Hub is an Enterprise Nation initiative delivered in partnership with major technology companies including Cisco, Google, Sage, Square, Vodafone Business and Dell Technologies. The programme helps small businesses find the right digital tools, trusted advisers and practical resources to use technology effectively.

Crucially, it has been designed with business owners who identified their key challenges as knowing which technology to invest in, understanding the costs and finding the experts to guide them.

The programme's diagnostic tool identifies suitable solutions, offers deals on recommended products and connects users with vetted digital advisors. Users are also directed to concise how-to guides on key technology products and services to help them integrate technology into their business.

Tech Hub sits within Enterprise Nation's existing platform - which attracted over 915,000 unique small business visitors in 2024 - and targets business owners who are already looking for support. In addition, its flexible, multi-format content caters for the different learning preferences of busy business owners: written guides, podcasts, e-learning modules, live online events and the option of one-to-one digital advice. This gives entrepreneurs complete freedom to choose what works for them.

The platform supports peer groups, underpinned by real-life case studies of small businesses that have successfully adopted digital solutions. Strategic alliances with industry giants such as Google, Sage, Cisco, Square, Dell Technologies and Vodafone Business provide credibility, funding and wider reach, while partnerships with government ensure valuable data insights are shared.

Regional activity extends the impact of the Tech Hub by distributing updates to local councils, universities and growth hubs to spread the news where entrepreneurs live and work. Built-in tracking measures each user journey to inform continuous improvement.

This is reflected in the impact of the Tech Hub, where to date 49,868 users have accessed Tech Hub resources, tools and advisers, 5,219 users have attended monthly webinars and events, and 2,020,585 unique users have been reached with digital policy campaigns.

Looking ahead, the Tech Hub is advocating for incentives or mandates for digital updates - through vouchers for advisor support or the introduction of a digital kitemark for public sector tenders - to help UK SMEs continue to reap the benefits of technology adoption.

4.4. A dual strategy for transformative impact and our theory of change

Achieving significant progress in digital adoption will require a dual strategy that balances targeted and broad-based interventions.

By continuing to support businesses most likely to benefit and engage, the government and industry can maximise short-term impact and refine approaches that work. Simultaneously, a scalable solution and systemic measures will help create a foundational shift, ensuring that all businesses move toward digital transformation over time.

Our theory of change therefore will follow this approach and create a plan focused on targeted interventions where there is the highest chance of initial success. This will be built upon and scaled, alongside ambitious economy wide reforms that will help raise the floor when it comes to digital adoption, and likely help increase the number of businesses able to benefit from the direct support provided.

Our theory of change	
Ambition and accountability	Define measurable goals, track progress against these metrics, and assign clear governmental responsibility to maintain momentum to drive meaningful results.
Build resources	Such as an online support and diagnostic platform providing tailored guides to SMEs. This will need to be scalable so that it can be utilised by the entire SME population.
Target receptive SMEs	Design an activation campaign aimed at SMEs with 10-49 employees who have already shown an openness to seeking business support. This will help ensure quicker impacts, value for money on the activation campaign as well as generating learnings to apply to the entire SME population.
Broader systemic reforms	Complement our support with wider, market-level measures such as regulatory changes, awareness campaigns, simplified tool access and guidance to drive wider digital adoption across the economy.
Reinforce change over time	Early successes among motivated SMEs create a foundation for broader, long-term digital adoption, driving sustained improvements in competitiveness and economic growth.

	This can be complimented with longer term initiatives such as on broader reskilling and cultural changes to cement a sustained higher level of technology use.

5. Partner with industry to deliver change

Below, we set out how the UK government can work with partners across the business and wider stakeholder community to deliver a plan, as well as considering what are the major interventions that government and its partners will need to take over the course of delivery.

Overreliance on government is likely to reduce the impact of effective policy interventions. To make this plan work, the government must work with recognised and respected partners in the SME community.

Leveraging the reach and expertise of trusted advisors to SMEs, such as industry associations, accountants, bookkeepers, and technology platforms, can support the government to improve awareness, uptake, and the effective use of digital tools. This would also mean less cost to the taxpayer and less expensive centralised marketing campaigns.

Case study: The crucial role of accountants in SMEs technology adoption

In the fast-paced business world, SMEs must embrace digital transformation to boost productivity and growth. Accountants, well known to be trusted business advisers, play a vital role in this process.

A notable example is a tree surgeon client who initially used hand-written invoice books, finding the method inefficient. Their accountant, Starfish Accounting recommended switching to Xero, an online accounting software. Although hesitant at first, the client benefited from issuing electronic invoices and receiving payments quickly, significantly improving cash flow.

This technological shift had real advantages. With greater assurance in cash availability, the business expanded beyond the VAT threshold, invested in new equipment, and eventually moved into his own yard. This case underscores how technology adoption, guided by trusted advisors, can propel business growth.

Starfish Accounting's CEO Georgi Rollings emphasises that accountants are essential in advising SMEs on the benefits of digitalisation. They assist clients with cash flow management and growth planning, acting as key partners in transformation.

Policy makers should tailor digitisation strategies for the smallest businesses, involving them in decision-making. A consistent plan, like the government's Making Tax Digital initiative, is crucial. Recognising accountants and bookkeepers as partners in this journey is vital. Through collaboration, SMEs can enhance productivity and growth.

Local outreach that is guided by networks such as trade bodies including the British Chambers of Commerce's Local Chambers, the Federation of Small Businesses, and local or regional business support agencies, can help build trust and confidence among SMEs.

The taskforce note that existing networks have the potential to be much larger and more effective. For example, Enterprise Nation's Tech Hub has supported almost 40,000 businesses to access digital tools since October 2023.[36] This proves that working through a trusted, multi-partner platform can effectively reach and influence SMEs.

By providing tangible financial benefits through partner platforms, the government can ensure SMEs have both the motivation and the means to embrace digitisation. On this, government intervention could enhance efforts through targeted financial incentives. Enterprise Nation's research shows that the cost of software licenses often hinders small firms from adopting new tools.[37] To overcome this barrier, the government could offer enhanced tax relief to spend on productivity-enhancing digital services. Like the Australian Small Business Technology Investment Boost,[38] this tailored incentive would encourage investment in AI and other emerging technologies.

Another area where government involvement can multiply the impact of partner-driven initiatives is training. While many SMEs experiment with new tools, a lack of skills and regulatory confidence often limits their effective use. Existing government-funded schemes like Skills Bootcamps and the Digital Skills Council provide a foundation, but focusing on sector-specific, confidence-building training, similar to the Cyber Essentials programme, could help SMEs better understand how to navigate regulatory requirements and get the most out of digital and emerging technologies. We would reiterate that any support must be low cost, taking steer of New Zealand's Digital Boost that offers a free service to small businesses.[39] Partnering with larger tech businesses to deliver this guidance and tailored instruction ensures that training is both credible and relevant, increasing the likelihood of sustained adoption.

International examples further highlight the value of public-private collaboration to deliver success. Singapore's SMEs Go Digital and South Korea's Digital New Deal blend upfront financial support with strategic partnerships. As previously highlighted, the SMEs Go Digital programme provides sector-specific grants and tailored consultancy services through 'Chief Technology Officer as a Service' and subsidise up to 70 per cent of certain digital technology tools. Replicating such models in the UK would strengthen existing industry partnerships to drive meaningful and sustainable change.

Finally, well-structured education and awareness campaigns can spread the message through channels that business owners already trust. Partnerships with leading tech

[36] Enterprise Nation (2023) 'Enterprise Nation's Tech Hub supports thousands of small businesses to adopt digital tools in first 12 months'
[37] Enterprise Nation (2023) 'Small businesses could get three and a half weeks back by embracing technology'
[38] Australian Taxation Office (2025) 'Small business technology investment boost'
[39] Business Govt NZ (2025) 'Digital Boost'

companies, local authorities, and industry groups can demystify emerging areas like generative AI and cloud solutions. By showcasing success stories and providing accessible guidance, whether online webinars, community workshops or real-world case studies, these campaigns make the benefits of digital adoption tangible. In this way, policy delivered through, and in partnership with, trusted bodies can accelerate SME digitisation.

Over time, these measures will foster an environment where digital adoption is widely understood as both beneficial and achievable. By raising awareness, improving training pathways, and showcasing tangible benefits, the UK can create a culture in which digital adoption is integral to SME growth, productivity, and long-term competitiveness.

Case study: Transformed operations and growth impact through automation

Established in 2011, Emma Thompson is proud to have started the original engraving company for photo jewellery in the UK. Gemz by Emz is a small, family-run business which is run out of a home studio in Essex, where they craft meaningful, high-quality jewellery that holds a special place in the hearts of their customers and provides them with some comfort during times of bereavement.

“QuickBooks’ AI has improved how quickly we can access and share our financial information, allowing us to streamline operations. It automates our bookkeeping and really helps with late payments, since we can stay on top of what we’re owed. It automates reminders to clients, which is always the most awkward part.” These automations have enabled Gemz by Emz to get paid 45 per cent faster, and enabled Emma to focus on growing her business. Going a step further, Emma integrated Quickbooks with her email marketing platform, Mailchimp. By combining the business’ financial and marketing data, Emma was able to seamlessly harness the power of AI to more effectively target key segments, like top spenders or customers who haven't engaged recently.

In its first 3 months, Mailchimp’s retargeting automation tools made a total of £6,539, brought in 81 first-time buyers, and earned a 1,006 per cent ROI. “The stats don’t lie. When I look at the orders Mailchimp generates for us, it’s clear that it outperforms a lot of the other marketing we do. I thought the automations would be hard work, but once you sit down and give yourself an hour, it’s actually really straightforward.”

What interventions are most needed?

It is important to review existing literature and evidence that consider the main interventions required for the UK to better support SMEs digitisation. Below, we highlight the key areas where the government could work with partners to deliver success. This builds on strong empirical analysis from the NESTA Innovation and Growth Lab, the CBI and the LSE.

- **Financing new digital adoption:** a recent CBI and LSE survey found that, for digital technologies, financing constraints come out top, with 55 per cent of firms citing this as a barrier to support digital adoption. [40] Therefore, the right investment incentive is vital to support this. In other international examples, financing and discounting was a key focus. However, this was done in concert with other support mechanisms. The UK must learn from the failure of Help to Grow: Digital and ensure that future financial support is coordinated with other initiatives and not just through a standalone voucher.
- **Awareness and understanding:** thirty-nine per cent of small businesses say that they would be encouraged to innovate if they had more information or support.[41] We would note that digital adoption and use grows through 'network effects' benefiting users when more users are added. Therefore, creating a Chief Technology as a Service tool, mirrored on successful tech adoption support hubs and programmes, would provide an open platform to sign-post to more specialised support.
- **Skills:** we also note that it often takes time to learn how to use these new digital tools effectively. Therefore ongoing 'wrap-around' support through both upskilling initiatives, like a Digital Skills Toolkit, and the introduction of lower-level apprenticeships to meet specific digital skills needs, would support SMEs to adopt new technologies. The role of Skills England[42] will be vital to drive this.
- **Time and accessibility**: to give SMEs the headroom to navigate this, the incentives and support must drive ease of the digital transition. Resources to support small business digital technology adoption should be easily accessible and complementary to their needs and time constraints. This will avoid duplicating support or an overwhelmingly complex landscape that SMEs struggle to navigate.
- **Technology choice and interoperability**: a concern raised by NESTA's research, as well as in other areas, is around 'lock-in' and difficulties in switching between technology providers. Government and its partners will need to take care to address concerns here. This can be done by encouraging the greater use of open APIs and free providers such as 'Move my Books', as well as addressing poor market practices where these arise.

[40] LSE Blogs (2024) 'What an LSE-CBI survey found about AI adoption in UK firms'
[41] Federation of Small Businesses (2023) 'The Tech Tonic'
[42] GOV.UK (2024) 'Skills England'

- **Trusted industry and local partners:** evidence suggests that industry partnerships and 'credible sources' have a higher level of engagement and take up than those that are solely led by government. Government will therefore want to partner and share responsibility for delivering its interventions with credible and trusted brands within the private sector or trusted local organisations. These may include trusted brands as well as sector or region-specific organisations, such as Combined Authorities.

6. Initial recommendations from the interim report

Our interim report provides initial recommendations for the government to consider. However, for a final report, the taskforce will aim to develop a wider set of recommendations (see Annex 1) that are reviewed and tested by our networks. This will also give the taskforce the time to test our theory, make alternative recommendations if required, and gather further robust evidence.

Policy intervention	**Create a single point of accountability within the government to drive digital adoption.**
International examples have shown that significant ambition and a point of accountability within government is vital for the success of digital adoption programmes. The programme of support will need specific ambitions milestones, as suggested in our interim report, as well as a point of scrutiny and accountability. The taskforce is open minded about exactly where accountability should sit. For example, this could be with a single minister or the Industrial Strategy Council, or another named person or body. In practice, however, accountability should mean named responsibility and the ability for the work and targets of the digital adoption programme to be properly scrutinised. The government may wish to consider a specific 'Digital' arm of the upcoming Business Growth Service. This should bring together a wide range of initiatives and signpost support for digital technology adoption. Such a structure worked well in Made Smarter Programme. This approach was complemented by a Strategy Implementation Group (SIG) for day-to-day issues, also including regional and sectoral resources.	
Delivery mechanism	While this will be principally delivered via government, it is vital that the programmes' delivery partners, such as industry and devolved and local government, also have a stake in success and share responsibilities to ensure that support, and the wider programme is meeting its targets.
Impact timeline	The lifetime of the programme.

Policy intervention	**Create an AI powered support tool available to all SMEs.**
The government should explore how to commission an AI-powered support tool that could provide diagnostics and guidance to SMEs and help them adopt new digital technologies. Where appropriate, this could support SMEs to assess their digital readiness and signpost to more specialised support (such as Made Smarter, or vouchers for digital audits). This tool should have low barriers to entry and be accessible for those with relatively little technological expertise. Taking steer from international best practice, providing the assistance via guides, and interactive support forms a cornerstone of Singapore's SME Go Digital programme. The Singaporean initiative collaborates with digital solution providers to streamline technology adoption while offering unbiased, actionable advice. Key features include a 'Digital Health Check' designed to assess an SME's current digital maturity, pinpoint gaps, and chart a clear path toward effective digitisation. Every business is different, and we know that small businesses need to receive support that is tailored to their business sector and requirements. By leveraging new technological innovations such as generative AI there is now the prospect of creating a scalable, tailored solution that can provide guides, support and signposting across a wide range of businesses, containing both localised and sector specific information.	
Delivery mechanism	Based on estimates provided, offering a self-led digital service to all SMEs could cost around £50 million to deliver and promote over a 10-year period (i.e., £5 million per annum). However, costs could potentially be controlled by leveraging industry partnerships and close working with technology companies.
Impact timeline	The lifetime of the programme, similar outreach programmes in Singapore (50,000 'benefitted') and New Zealand (32,000 'registered') achieved significant success, and this is without leveraging more mature generative AI solutions. If the UK achieved similar levels of success we could therefore hope to reach between 300,000 and 450,000 businesses (estimate based on levels of success proportionate to business populations with the lower band equivalent to New Zealand's success and upper band similar to Singapore's. Note this estimate is without considering the additional benefits and further scale of an AI solution).

Policy intervention	Better access to data for monitoring and evaluation.
At the national level, the UK should leverage its existing institutions, such as the ONS, and collaborate with key international data providers to ensure its inclusion in the most prominent, comprehensive, and credible benchmarks. For instance, data provided by the International Institute for Management Development. However, to ensure the UK has access to the best possible data and evidence, the taskforce recommends the government strive to rejoin the data collection process for the European Commission's DESI dashboard for the Digital Decade. While the EC's DESI dimension 'Digital transformation of businesses' is the most pertinent for measuring digital adoption, the UK could aim to publish methodologically consistent data across all DESI indicators. This may necessitate special arrangements with Eurostat, which the ONS or another appropriate government department should negotiate and implement.	
Delivery mechanism	The government should review rejoining of DESI and new data collection methods and collaboration with private sector through requests for new data analysis and insights that can be shared.
Impact timeline	Impact will be throughout the lifetime of the programme as well as afterwards where the programmes successes and failures can be assessed.

Policy intervention	Develop comprehensive understanding of how to drive demand using behavioural science
SMEs are time-poor so while they appreciate the value that technology might be able to bring, they often don't have the capacity to understand the practicalities of what they should do to maximise their investment of their limited time, finances and resources. We know that this was one of the challenges that caused Help to Grow: Digital to fall short of its ambitions. Plus, research shows how attitudes and behaviours can hinder tech adoption especially in comparison to our international peers in the G7. We therefore need to build a comprehensive understanding of how different business leaders successfully adopt technology in their organisations and map the journeys they take from starting to use new technology to using it in every aspect of what they do. Therefore, we would encourage the government to work with the Behavioural Insights Team and others to conduct studies into what kind of motivating factors encourages SMEs to make the necessary investments to improve their digital capability. This will	

be vital to ensure that resources are targeted to where they are most needed and maximise the return on investment for government and industry partners.	
Delivery mechanism	The government to commission research into adoption journeys and demand generation.
Impact timeline	Immediate impact which will increase throughout the duration of the programme as more data is collected about demand generation of participating SMEs.

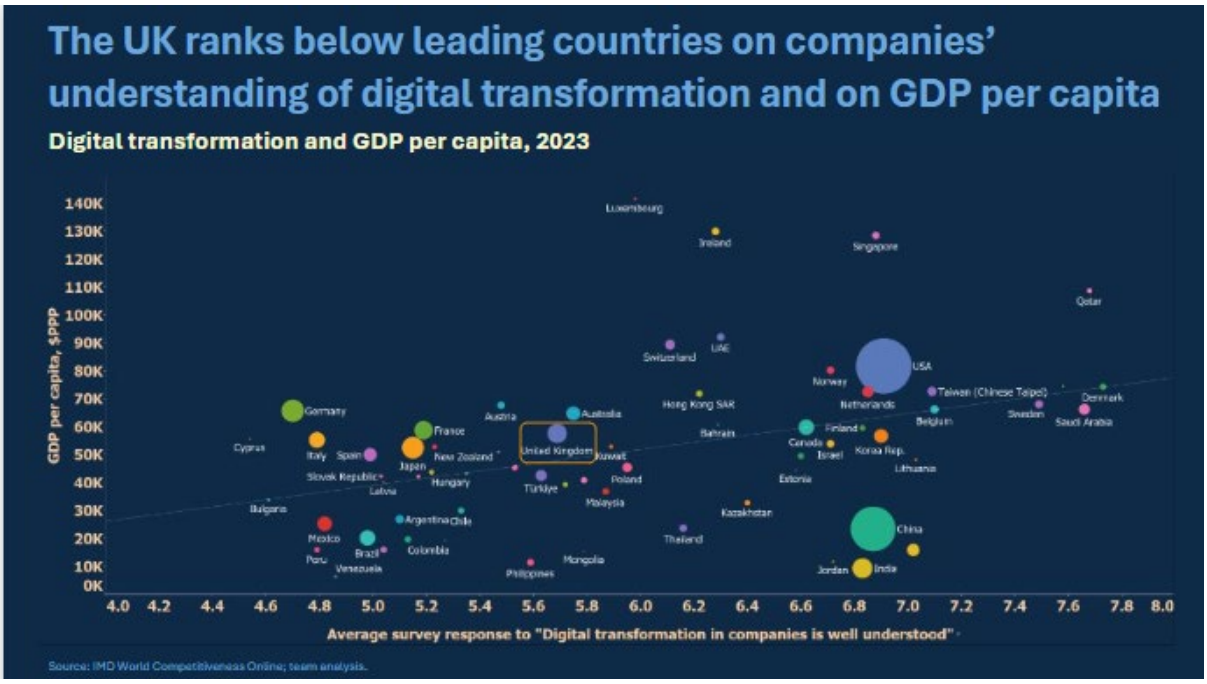
Policy intervention	**Establish standards for e-invoicing.**
The government has now committed to a consultation on e-invoicing in early 2025. Adopting e-invoicing standards ensures that the UK does not fall behind international competitors who have already adopted e-invoicing. We would point to international examples where the interoperability and standard have already been set by respective governments (i.e., Peppol network), in turn, encouraging SMEs to adopt e-invoicing as part of their supply chains. An example of the obvious growth link through the adoption of e-invoicing, Sage's recent research surveyed over 9,000 businesses with 1- 999 employees in seven European markets (including the UK) as well as Australia, Finland, and Singapore and showed a potential increase in productivity of up to 3 per cent annually in the UK because of the time saved from chasing payments.[43] E-invoicing also has huge advantages for the government: • It supports international trade and boosts revenue for governments. • It could also provide the government with near real time visibility of the state of the economy via transactional level data, allowing HMRC to spot discrepancies to identify and prove VAT fraud. • E-invoicing also helps improve tax compliance by reducing fraud and error.	
Delivery Mechanism	Government reform and implemented by small businesses.
Impact timeline	France is set to gain €4.5 billion through e-invoicing as a result of productivity gains and reduced administrative burdens. [44] The UK government could expect similar benefits.

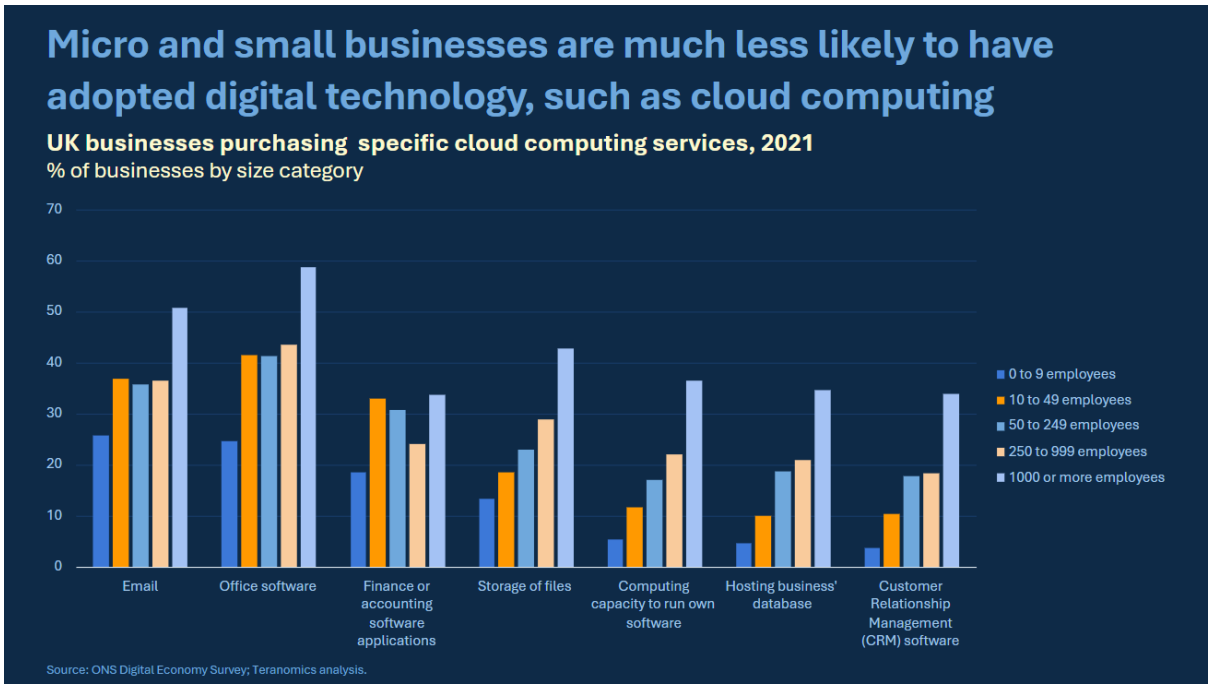
[43] Sage (2024) 'E-invoicing paving the way to a connected, real-time economy'
[44] Avalara (2022) 'Mandatory e-invoicing and e-reporting in France from July 1, 2024'

Annex 1. Further recommendations to be explored ahead of the final report:

- Financial incentives to stimulate SME adoption of digital technology.
- Leveraging planned regulatory changes such as Making Tax Digital to encourage wider digital adoption.
- Utilising regional pilots and engaging with devolved and local governments, for instance, in the development of Local Growth Plans.
- The expansion, or creation of more, Made Smarter-like programmes.
- Considering the role of Connected Hubs, similar to the Irish government's successful scheme targeted at rural and sub-urban communities.
- Providing a kite marking for businesses who have used support to encourage wider use.
- Reducing hesitancy about 'lock-in' of tech services and reducing adoption hesitancy.
- Ensuring that other government policy – including, but not limited to, digital skills, digital connectivity and the Business Growth Service - pull together to drive maximum impact.

Annex 2. Figure Z





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