# Internet, mobile tech driving local SME competitiveness

The increased access to high-speed Internet connectivity and the widespread adoption of mobile phones are stimulating entrepreneurial innovation by digitising core business operations and creating new business models. These factors are said to be providing small and medium-sized businesses (SMEs) with a competitive edge in local and global markets.

"At the beginning of the South African e-business revolution a decade ago, the debate was whether business should add 'clicks' to their 'mortar' or become a 'pure play' Internet business selling products online. Back then there was a major constraint - limited access to cheap broadband connectivity. Coupled to this, cellphone adoption was only starting to gain momentum and phones had little of the functionality that we see today," said Dr Pieter Streicher, MD at BulkSMS.com, an Internet-based company offering SMS messaging services to the global market from its headquarters in Cape Town.

## Part and parcel

Much has changed since the late 1990s. The new economy is now part and parcel of everyday business practice. More affordable high-speed fixed and wireless Internet is accessible via one's computer or cellphone. There has also been a significant uptake of Internet services among SMEs. Alongside this, there has been a phenomenal growth in cellphone usage among businesses and consumers and SMS messaging is now accepted as crucial to how a business communicates with staff, suppliers or customers.

The result has been the integration of the Internet and cellphones into the day-to-day operations of businesses and the development of new business models that use the Internet and cellphones as key sales, fulfillment or customer support channels.

The ready availability of cellphones and affordable high speed internet has created opportunities for new business models among home-grown businesses.

## "Core to business operations"

According to Streicher, "Many SMEs have developed Internet-based business models along with SMS messaging as core to their business operations. This enables these nimble firms to gain time-based competitive advantage and improve their productivity."

Some of these local technology-enabled businesses are:

- Pangea, a business process outsourcing firm which offers English language training using VOIP to customers across the globe. The company uses SMS messaging to alert staff to updated teaching schedules.

- SafariNow built an online accommodation booking engine that allows international tourists to search and make a reservation with local accommodation establishments. The establishments then receive an SMS notifying them of a booking.
- WebAfrica, an ISP said to be fast capturing local market share, offers online sales and customer support for its range of domain hosting and connectivity services. It informs customers of server downtimes using SMS notifications.

## Using new communication technologies

It is increasingly recognised today that doing business online makes good business sense. A 2007 report on the economic impact of a municipal broadband network for the City of Cape Town found that nearly all local firms surveyed felt that affordable high speed broadband access was a business requirement that enabled them to realise cost savings and productivity gains.

In reflecting on this study, Streicher noted, "It is time for business owners and managers to realise how much they already rely on the Internet to do what they used to do offline. Also, they need to take stock of how ubiquitous the use of cellphones has become within the business environment. If they take a good look at themselves, they will realise that they are quite far down the line in operating their business in a virtual sense."

**Improve operational efficiencies**

Besides Internet access and the use of email, many businesses have their own websites, purchase or sell online, or are using the Internet along with SMS messaging to improve operational efficiencies. Some of these virtual business activities include:

- Search engines on the Internet that are used to access information, seek out new ideas and business opportunities.
- Internet and mobile marketing campaigns are used to promote products and services to customers locally, nationally or globally.
- The Internet offers a means to provide supplier and customer support via multiple communications channels, including: email, instant messaging, SMS or VOIP.
- The Internet is used for making tax payments and for banking. The latter uses SMS to send one-time passwords to authenticate a user's identity.
- Staff are more mobile and are able to work from home using both the Internet and cellphone to stay connected to the office.
- The Internet and mobile web expands business networks through social networking services.

"It is important for owners and managers of growing businesses to be aware of the possibilities that the Internet and mobile communications offer them in either providing online resources to support their business, to moving more and more business functions online, and to create more transparent business processes for clients and customers using SMS messaging," concludes Streicher.