



# Full fibre productivity

The opportunity for SMEs

August 2023

openreach

 be the  
business





# Full fibre productivity

The opportunity for SMEs

August 2023

openreach

be the  
business

# Foreword

Over the past decade, broadband and access to a good internet connection has become an essential part of everyday life. There is nowhere this is more important than in the business community.



Nobody is more ambitious than Openreach when it comes to building full fibre broadband. We're delivering a £15 billion investment to upgrade 25 million homes and businesses, with 6.2 million of these in some of the hardest to reach parts of the UK.

This technology enables people to access broadband speeds 16 times faster than those currently available. To date, we have built to more than 11 million premises, ensuring that business is able to access the ultrafast, ultra-reliable broadband that this research demonstrates is so important.

The value this brings to the economy is paramount, as highlighted in recent research we carried out with the CEBR. This highlights that our roll-out could generate an additional £72 billion boost in productivity by 2030. It will also support business through bringing over 500,000 back into the workforce, including parents and carers. The importance of a reliable connection and geography, namely allowing employees to work remotely, is underpinned by this research.

In concluding that full fibre is an enabler for growth and productivity, it's vital that government supports measures to accelerate the roll-out. These include reforming the streetworks permitting regime, to allow us to deliver a more efficient build; prevent a new digital divide, by addressing access issues and reforming the Apprenticeship Levy to support our training needs.

By heeding this research and enacting these changes, we can play our part in ensuring as many businesses as possible can access the benefits of full fibre, supporting a stronger UK economy.

**Catherine Colloms,**  
**Managing Director, Corporate Affairs & Brand**

# Introduction

In a world of hyperconnectivity, there are few things more frustrating than a drop in internet speeds or a complete cut off altogether. But aside from the impact on our leisure time, poor connectivity also has a significant and drastic effect on productivity.



The impact of this has been felt all the more keenly since the COVID-19 pandemic. Confined to our homes, the issue of internet speeds was suddenly emphasised as we all tried to log on to video calls and access servers remotely. As a result of the restrictions and changes in working, three years' worth of innovation took place in the first three months of lockdown in 2020<sup>2</sup>.

With the continuance of hybrid working, the discussion around the need for full fibre is a direct result of lockdown. But it has also highlighted the UK's underperformance in the tech space. While our capacity and appetite for innovation is high, the diffusion and adoption of technology is poor – the UK ranks eight globally for innovation but only 31st for ICT adoption<sup>3</sup>.

Changing this situation is critical for improving productivity. Recently, the Confederation of British Industry (CBI) estimated that the adoption of key technologies by businesses could add £100bn to the UK economy<sup>4</sup>, while the Enterprise Research Centre (ERC) demonstrates that the introduction of technology such as ERP and CRM can create a productivity premium of around 25 per cent<sup>5</sup>.

In order to achieve these benefits, fast and reliable internet must be at the heart of the government's investment in infrastructure. The findings in this report show that the vast majority of business leaders view a fast reliable internet service as important or essential to the day-to-day operations of their business.

By rolling out full fibre broadband and encouraging greater adoption by businesses up and down the country, the productivity benefits are there for us to capitalise on and build a stronger economy.

**Anthony Impey, CEO, Be the Business**

<sup>2</sup> Be the Business, A Third; A Third; A Third: Different Firm Positions on Recovery, 2020

<sup>3</sup> World Economic Forum, Global Competitiveness Report, 2019

<sup>4</sup> Confederation of British Industry, From Ostrich to Magpie, 2017

<sup>5</sup> Enterprise Research Centre, State of Small Business Britain Report, 2018

# Contents

The new world of work	<b>6</b>
At a glance	<b>8</b>
Beneath the numbers	<b>9</b>
The business perspective	<b>14</b>
What's next for business leaders?	<b>19</b>
An opportunity	<b>21</b>
Conclusion	<b>22</b>

# The new world of work

Business and the world of work has changed. More people are working from home or in a remote hybrid environment than before the pandemic.

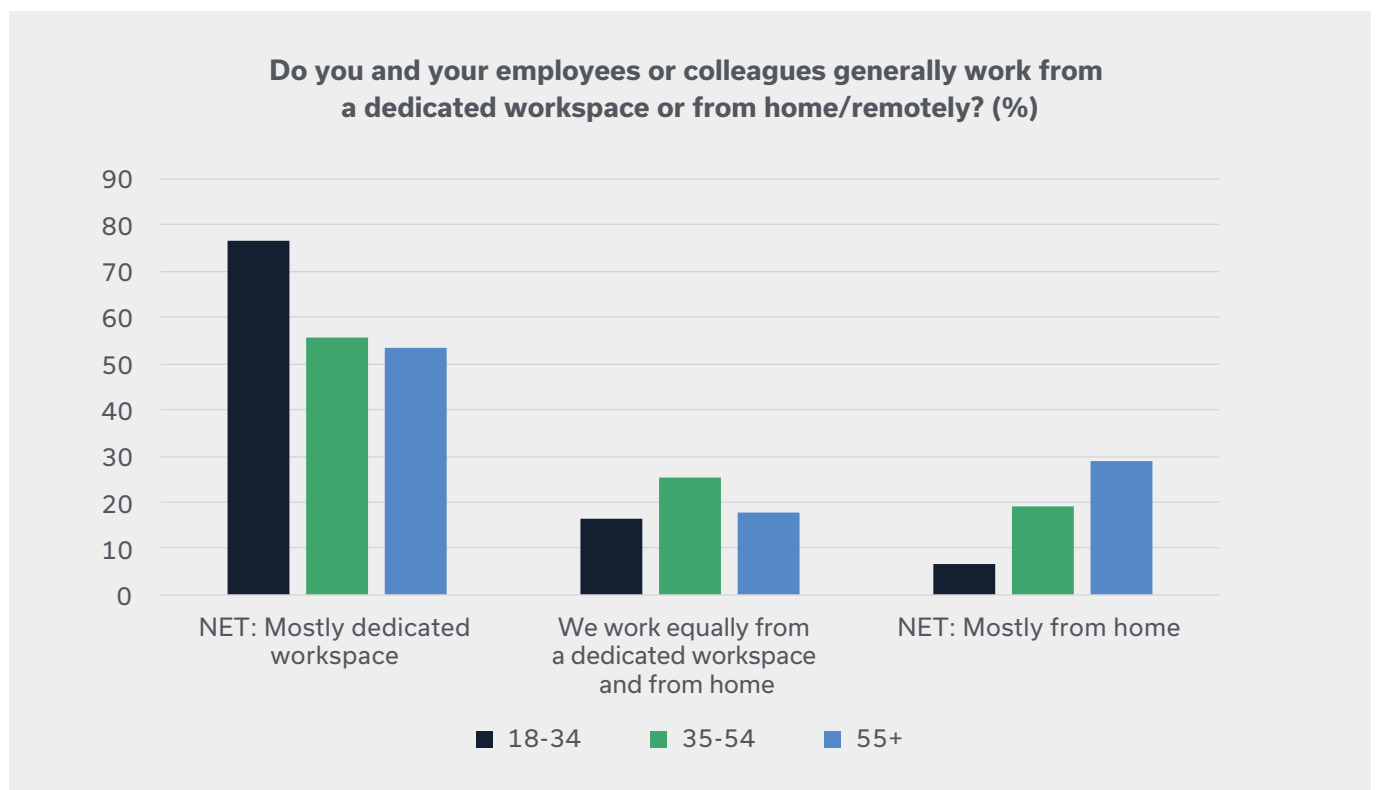
Business and the world of work has changed. More people are working from home or in a remote hybrid environment than before the pandemic. Across most sectors of the economy, businesses are seeing a greater proportion of their workforce make use of the flexibilities and freedoms that come from hybrid working. A shift so profound, leading academic Nicholas Bloom described it as '40 years of acceleration in the space of three years.'

And gone are the days when working from home was the privilege of the elite or limited to executives in professional services. Employees across sectors, from call centre workers to administrative staff, housing advisers to paralegals, are now much more

likely to be able to work from home at least one day a week than they were before the pandemic.

This has significant implications for the technology needs of businesses, specifically the speed and reliability of their connectivity. A look under the bonnet of the numbers gives useful insight into what shape and form those needs might take.

For example, contrary to received wisdom, more young business leaders aged 18-34 are working mainly from an office (77%) compared to those over 55 (54%). Indeed, out of all three age groups, young people are least likely to work mostly from home at just 7%, compared to three in ten (29%) over 55s.





This chimes with findings from the Office for National Statistics<sup>6</sup> that hybrid workers are more likely to earn more than people who travel to work. The increasing share of high value work occurring from a home environment adds to the requirement for a high speed, reliable connection.



**“I can now rely on my internet like I haven’t been able to before. Cloud software is reliant on this and now I can always access my software.”**

John R, CEO, 18-34, Professional Services

**“It allows me to work from home, with reliability and speed of service.”**

Frances J, Director, 35-44, Manufacturing and Engineering



## **Flexible working – who benefits?**

When asked about the positives associated with home or remote working, there is a clear trend that business leaders see this as overwhelmingly positive. When asked, almost two thirds (64%) agree that remote working allows them to hire people who they would not otherwise be able to hire; 68% agree that remote working expands the talent pool of potential recruits; and seven in 10 (71%) say that remote working results in a happier workforce.

There is little difference across age groups when asked about productivity when remote working. Across genders, there is a small distinction with 71% of women and 62% of men agreeing that remote working enables greater productivity.

The consistency demonstrates that changes to the world of work are accepted wisdom and that business is going to need to respond for the long term.

<sup>6</sup> ONS, 2022, Is hybrid working here to stay?

# At a glance

**£72bn** 

boost to UK productivity by 2030  
powered by nationwide rollout of  
full fibre ([Openreach](#) and [CEBR](#))

 **41%**

of business leaders said  
remote working enables  
staff to be more productive

 **62%**

Almost two thirds believe that  
their internet package represents  
good value for money

 **7 in 10**

(71%) SME leaders said that  
having fibre broadband changed  
the way they do business

 **70%**

of businesses said fibre broadband is  
a key consideration when deciding on  
business location – more important than  
transport links and proximity to customers

 **88%**

of business leaders said a fast  
reliable internet service was  
important or essential to the day-  
to-day operations of their business

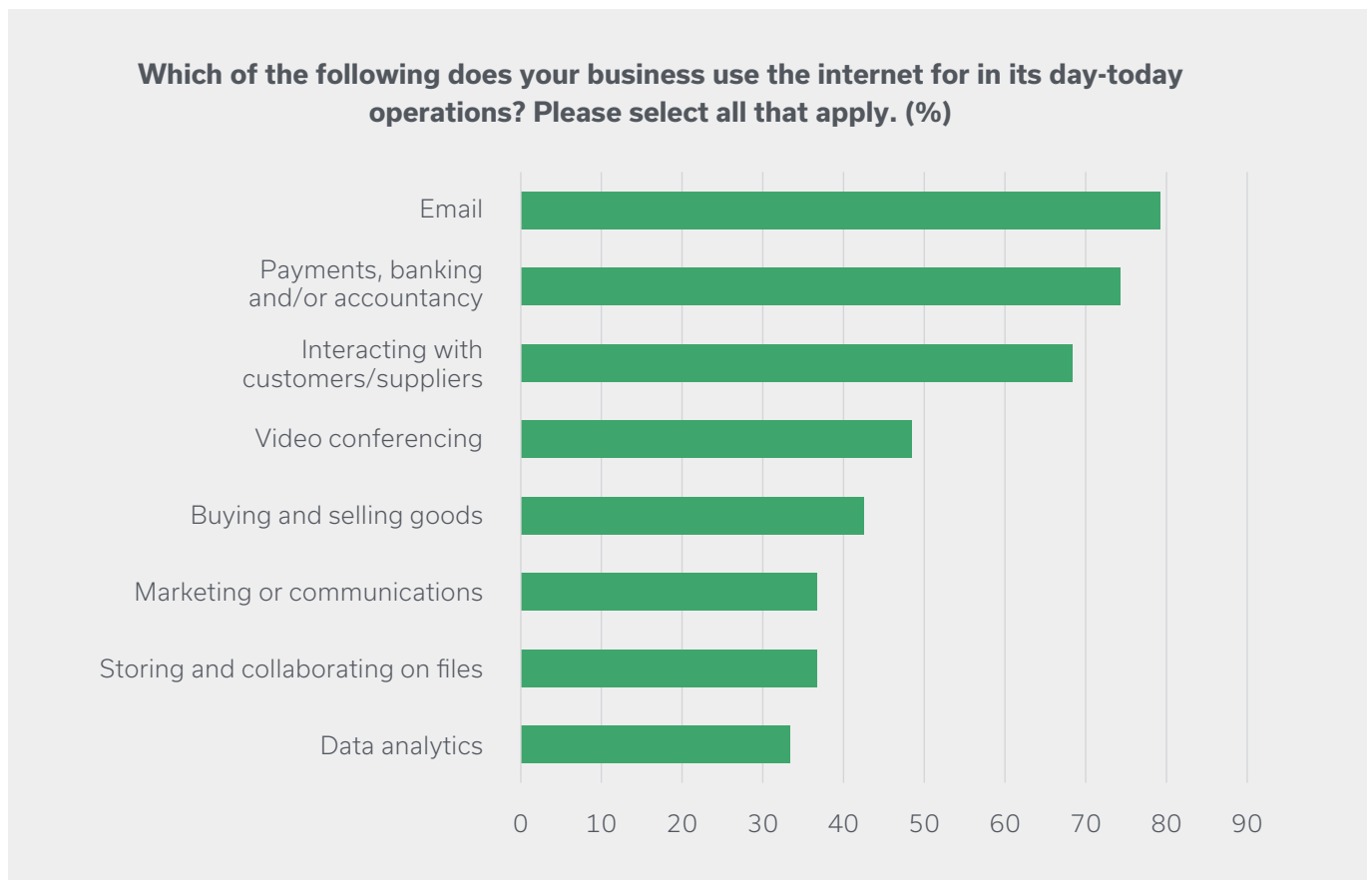


# Beneath the numbers

The UK business landscape is in a challenging period. High inflation, a squeezed labour market, high running costs, not least energy, and navigating post pandemic changes to working practices are all in play.

Business models are being revisited, investment decisions are slowing or going through extra checks and balances, and reassessments of business conditions, in terms of employees needs, property, and future resilience are being considered carefully. All of this is compounded by evolving technology requirements and capabilities.

We found that knowledge and understanding of use of the internet is far from uniform, whether that be across sector, business size, geography, or age of business leader. The results present a fascinating picture of UK businesses' thinking, status and needs when it comes to online capabilities.



# Attitudes to the internet

When asked how important a fast reliable internet service was to the day-to-day operations of their business, 88% of business leaders said it was important or essential.

Evidence from our qualitative interviews backed up the centrality of fast and reliable broadband to the effective running of SMEs. Three quarters (75%) of business leaders said they depend on the internet for payments, banking and/or accountancy, seven in 10 (69%) said that it's important for interacting with customers and suppliers and half of all businesses (49%) said that they rely on the internet for video conferencing (such as teams/zoom).

Responses to qualitative interviews demonstrated that the most common broadband challenges that SME owners faced were wi-fi issues (e.g. dropping signal), variable speeds, and a lack of reliability.

The trend is clear: businesses want access to fast, reliable internet. They see it as central to the successful and productive operation of their

business and it is the largest driver for business in choosing where to go if they were to move to a new location. It also tells us a great deal about why businesses choose their current internet service provider (ISP). When asked to choose which of the options best explained why they chose their current ISP, the top two reasons were:

- the service was the most reliable (34%)
- they offered the fastest speeds (28%)

Across the country, when choosing their ISP, very few businesses relied on reviews (16%), recommendations from friends, family or business contacts (14%) and fewer than 1 in 5 respondents said it was because the provider was already present at the business location (19%).



## Geographical variation

In London, when asked to explain why they chose their current ISP, those business leaders choosing most reliable jumped to more than four in ten (43%) and fastest speeds was almost half (48%) of all respondents. The North of England offered

a slightly different picture being the only region citing previous good service (31%) as one of the two top choices, but with most reliable (33%) being the single biggest reason why leaders chose their current supplier.

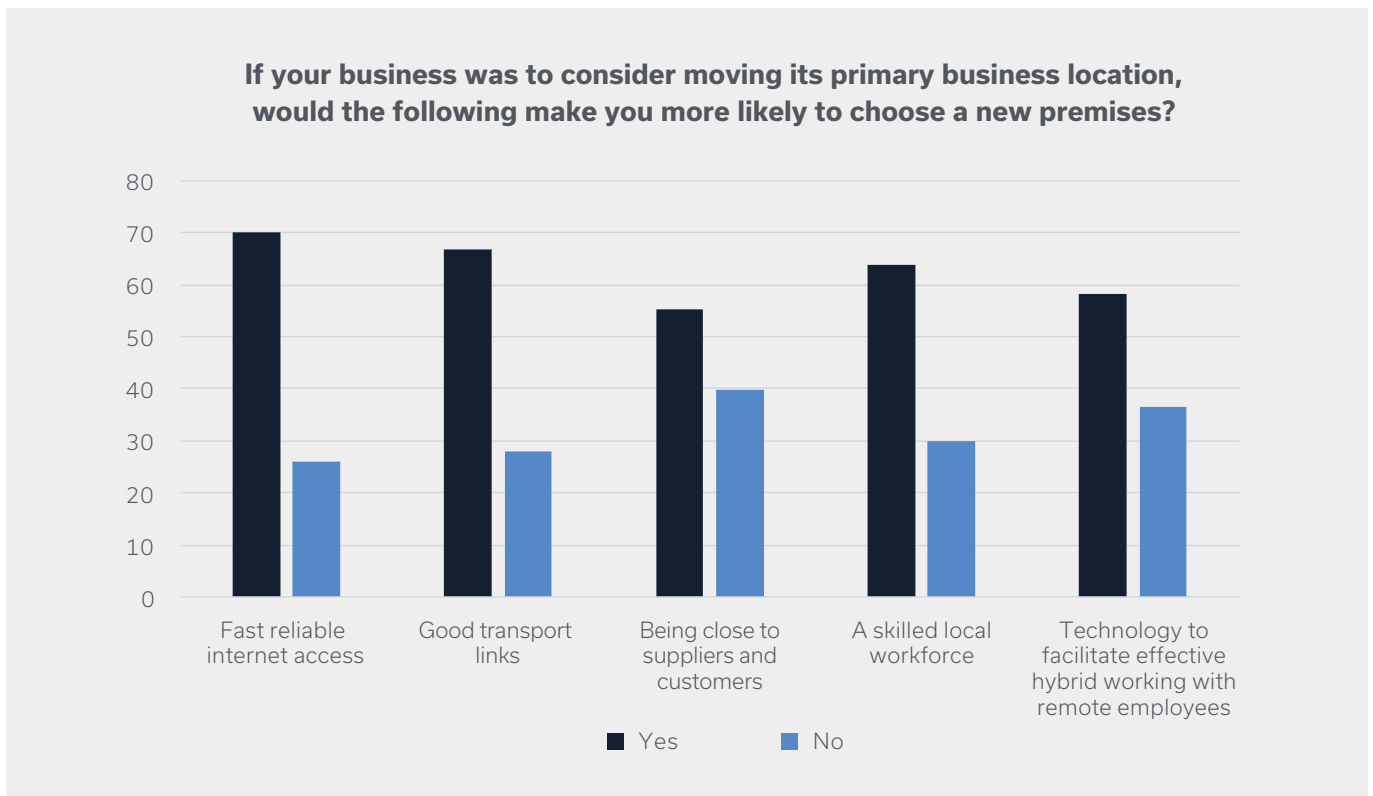


# Location, location, location

There is a clear correlation that access to fast, reliable internet services is a driving factor when businesses are choosing a new location for their work premises.

When asked which would make business leaders consider a location for new premises, seven in 10 (70%) chose access to fast reliable internet making it the top choice from those offered.

This makes business leaders more likely to cite it as a consideration for business location than transport links (67%) or proximity to customers and suppliers (55%).



Overall, if they had a free choice to move their primary business location, most who responded would prefer to be in a large town<sup>7</sup> (31%), closely followed by a town<sup>8</sup> (21%). Just 17% listed a large city<sup>9</sup> as being a preferred potential destination for their business, compared to one quarter (26%) opting for a city<sup>10</sup>.

The speed and reliability of full fibre is a key driver of decisions about business location, and comparatively the benefits fuel regional economies too.

Enabling people to work from home with full fibre connectivity could reinvigorate rural communities, which are currently suffering from depopulation and declining availability of social infrastructure – and relax housing affordability and transport constraints in major urban centres.

There are also environmental benefits, with the reduction in commuting trips brought about by increased working from home meaning fewer cars on the roads.

<sup>7</sup> Large Town is defined as having a population of 10,000 to 100,000

<sup>8</sup> Town is defined as having a population of 1000 to 10,000

<sup>9</sup> Large City is defined as having a population of more than 1 million

<sup>10</sup> City is defined as having a population of 100,000 to 1 million





# Myths and realities

## **Myth:**

We're held hostage by internet providers on price.

## **Reality:**

Almost two thirds (62%) of survey respondents believe that their internet package represents good value for money compared to just over half of recipients (55%) who believe the same is true for their company mobile phone package and just over one quarter (27%) on their energy supplies. This puts internet service providers well ahead of other utilities on value for money.

## **Myth:**

Business begrudgingly supports employees working from home.

## **Reality:**

41% of business leaders said remote working enables staff to be more productive. 71% said remote working results in a happier workforce. And 68% said remote working expands the talent pool of potential recruits. Be the Business' recent Productive Business Index also found that hybrid businesses show higher confidence and performance, as well as increased investment and activity across capability areas.

## **Myth:**

Businesses gravitate to big cities meaning town and rural connectivity will always be weaker.

## **Reality:**

Two in five businesses (40%) would consider moving to a location with a population of under 10,000 people. While fast reliable internet is the number one concern for businesses considering a new premises (70%), this doesn't appear to be tying business leaders into major cities.

# The business perspective

## Internet understanding and awareness

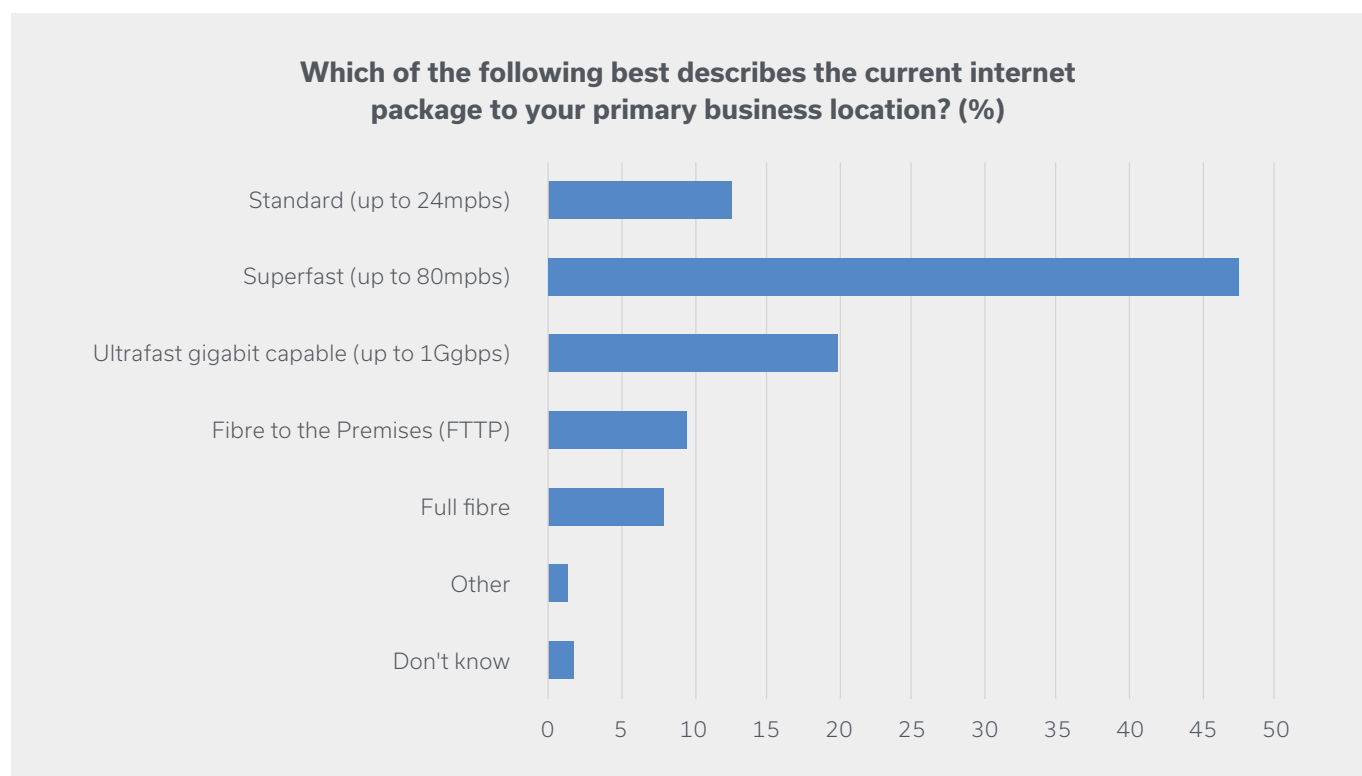
The findings tell a strong and compelling story about the relationship between businesses and the internet, and the motivations for choosing their current internet service provider.

However, are the benefits of fibre broadband being truly realised by small- and medium-sized businesses? Three in five (60%) business leaders still rely on either standard (up to 24mbps) (12%) or superfast (up to 48mbps) (48%) broadband for their internet connection.

In contrast, one fifth (20%) are using ultrafast gigabit capable (up to 1Gbps), 9% have fibre to the premise (FTTP), and 8% full fibre, accounting

for 37% in total. This leaves significant room for improvement when it comes to internet performance for small businesses.

Our qualitative research showed that most of those interviewed did not know or could not name their specific broadband package. Moreover, two-thirds of participants either did not know, or had only a rough idea about, the average speed of their internet connection.



The figures are more positive when it comes to knowledge and awareness of full fibre. There is almost universal (99%) recognition of full fibre.

However, only three in 10 (28%) business leaders say they know 'a lot' about it. Increasing knowledge of the capabilities of full fibre would enable more businesses to identify use cases for it, and open the door to higher levels of adoption of productivity enhancing software. There was also a clear pattern

of what these business leaders understood about full fibre broadband.

Respondents had heard that full fibre broadband offered greater upload speeds (64%), as well as faster download speeds up to 1Gbps (57%). Just under half of those asked said they knew full fibre gave them increased bandwidth (49%), minimal drop outs (47%) and higher quality video and audible streaming (47%).



# The benefits of fibre broadband

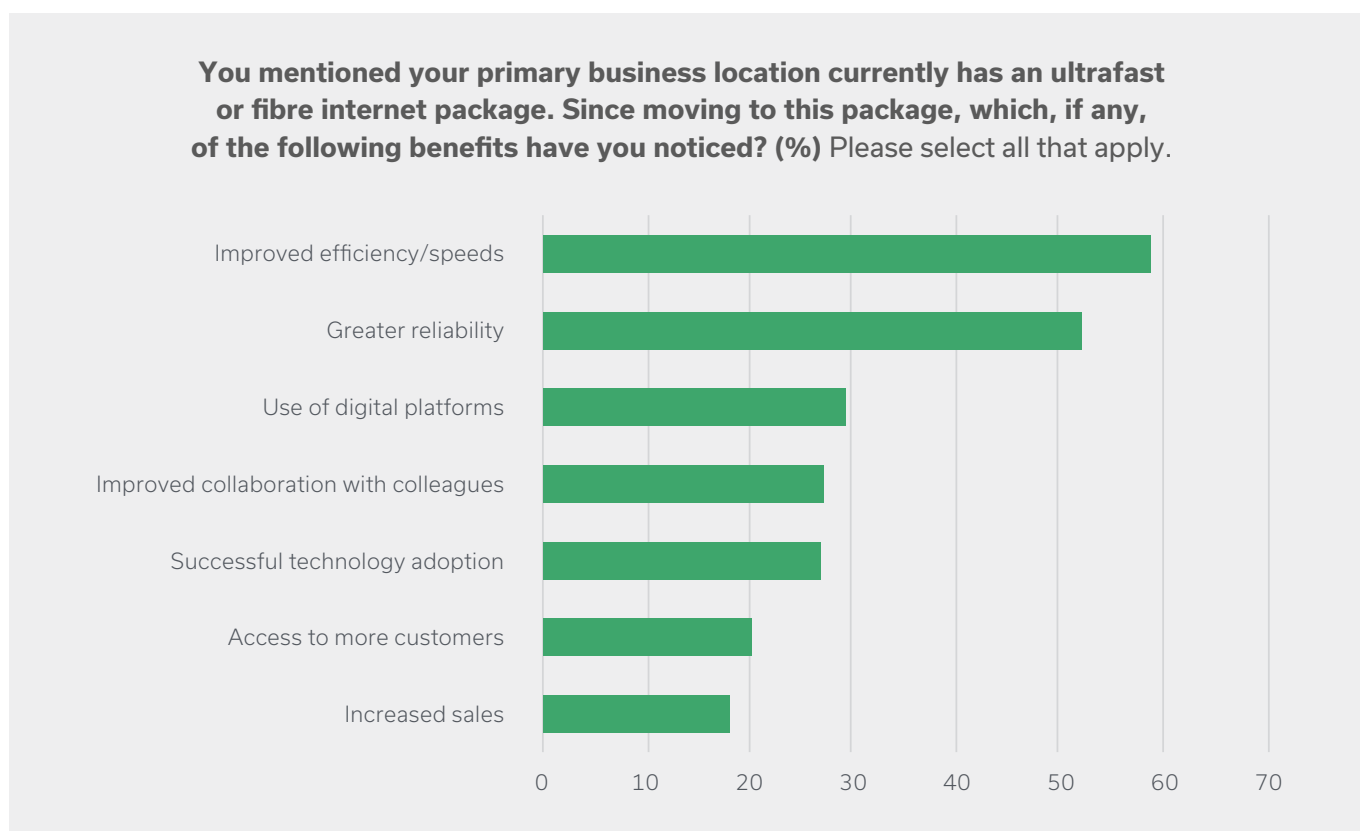
For those who have ultrafast gigabit capable, FTTP or full fibre, more than half said that improved efficiency/speeds (59%) and greater reliability (52%) were noticeable benefits since they switched.

While increased speed and reliability are expected benefits, business leaders also reported benefits linked to higher levels of performance and productivity. Seven in 10 (71%) said that having fibre broadband had changed the way they do business.

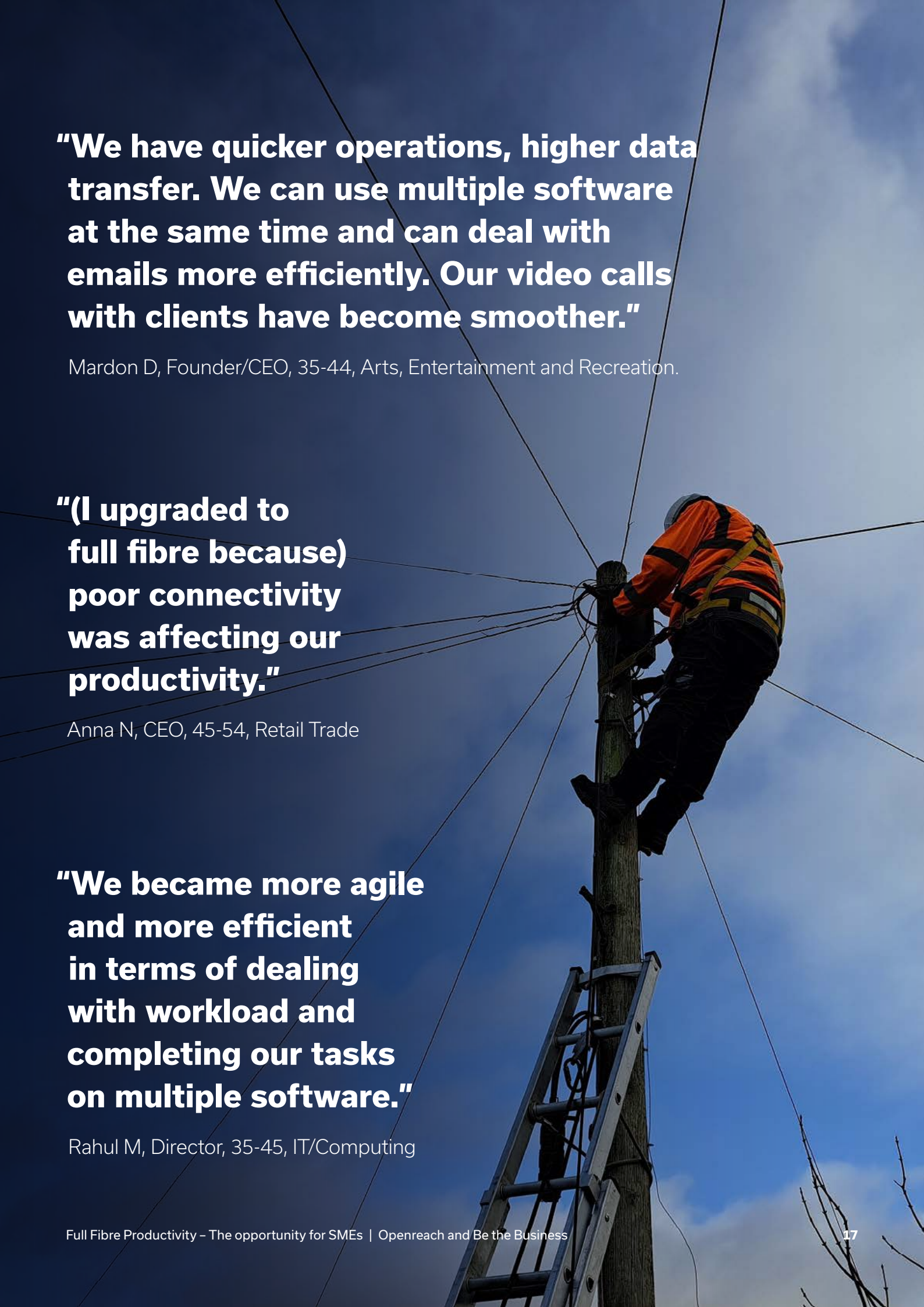
More than a quarter (27%) reported increased collaboration with colleagues, with the same number (27%) stating that it enabled more

successful technology adoption, both of which have proven links to higher levels of productivity. One in five (20%) reported increased access to customers and 18% reported increased sales.

Our qualitative research found that eight out of 10 SME users found full fibre delivered the expected benefits, while a further two in 10 saw better than expected outcomes.







**"We have quicker operations, higher data transfer. We can use multiple software at the same time and can deal with emails more efficiently. Our video calls with clients have become smoother."**

Mardon D, Founder/CEO, 35-44, Arts, Entertainment and Recreation.

**"(I upgraded to full fibre because) poor connectivity was affecting our productivity."**

Anna N, CEO, 45-54, Retail Trade

**"We became more agile and more efficient in terms of dealing with workload and completing our tasks on multiple software."**

Rahul M, Director, 35-45, IT/Computing

For those who are using standard or superfast broadband one quarter cite full fibre not being available in my area (25%) as the reason for not having it and a further quarter saying it is too expensive (24%).

One in three respondents said they were happy with their current speed (35%).

**“(I would upgrade to full-fibre if) there was a good balance between reliability and cost.”**

James M, Director, 45-54, Education, Professional and Scientific Activities

## How does business achieve ultimate flexibility?

**1**

Dependable digital infrastructure. Businesses need access to affordable and reliable internet services to truly provide the flexibility and freedom that staff expect and demand. Investing in it is on the mind of 1 in 5 businesses.

**2**

Good value superfast or fibre broadband. A large majority of businesses say that ultrafast broadband has changed the way that they have done business. Encouraging others to see the benefits is an opportunity for increased adoption.

**3**

The roll out of full-fibre broadband. Business needs commitment to the scheme from government, to secure the true agility it affords.

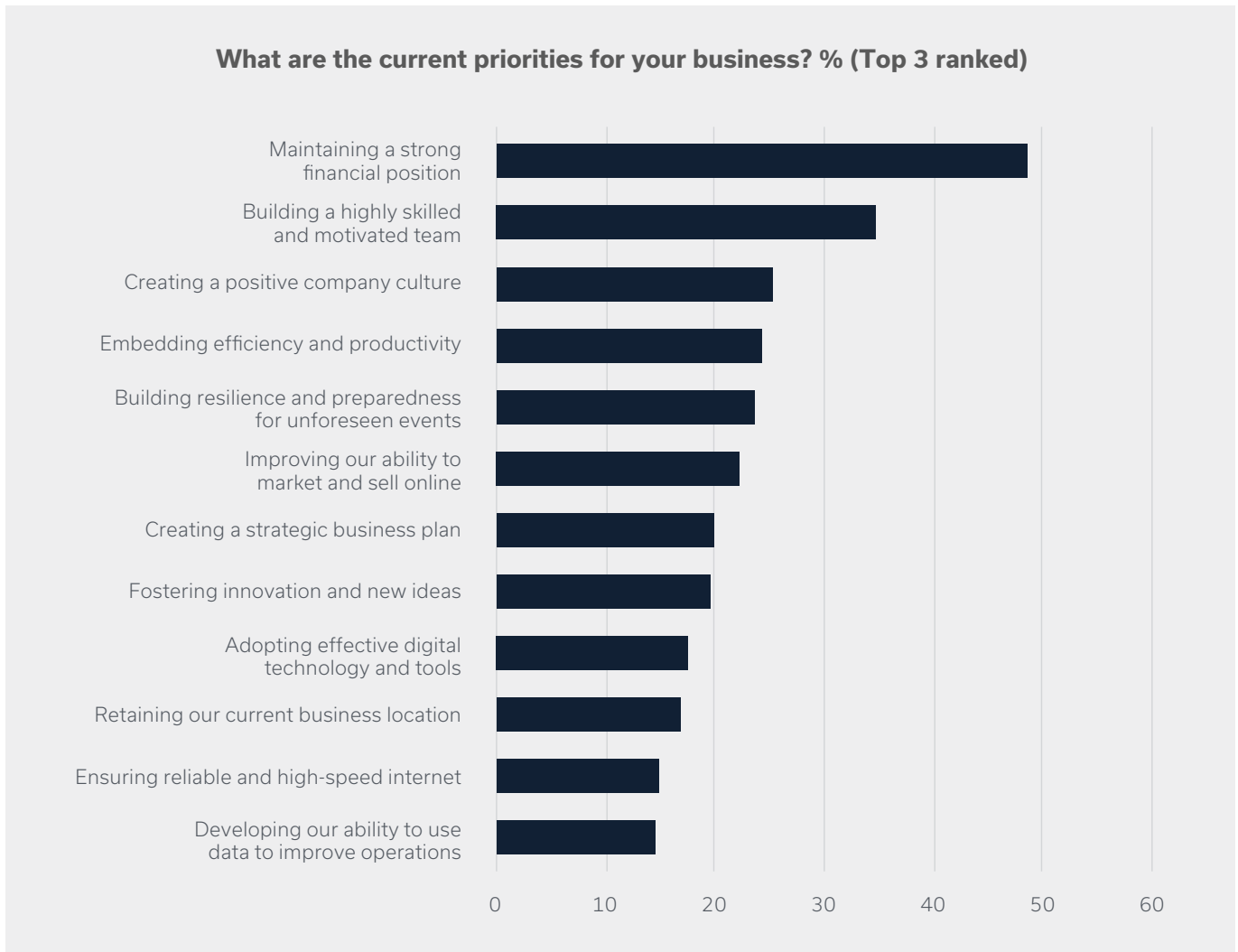


# What's next for business leaders?

Senior decision makers' current priorities and concerns will bring no surprise.

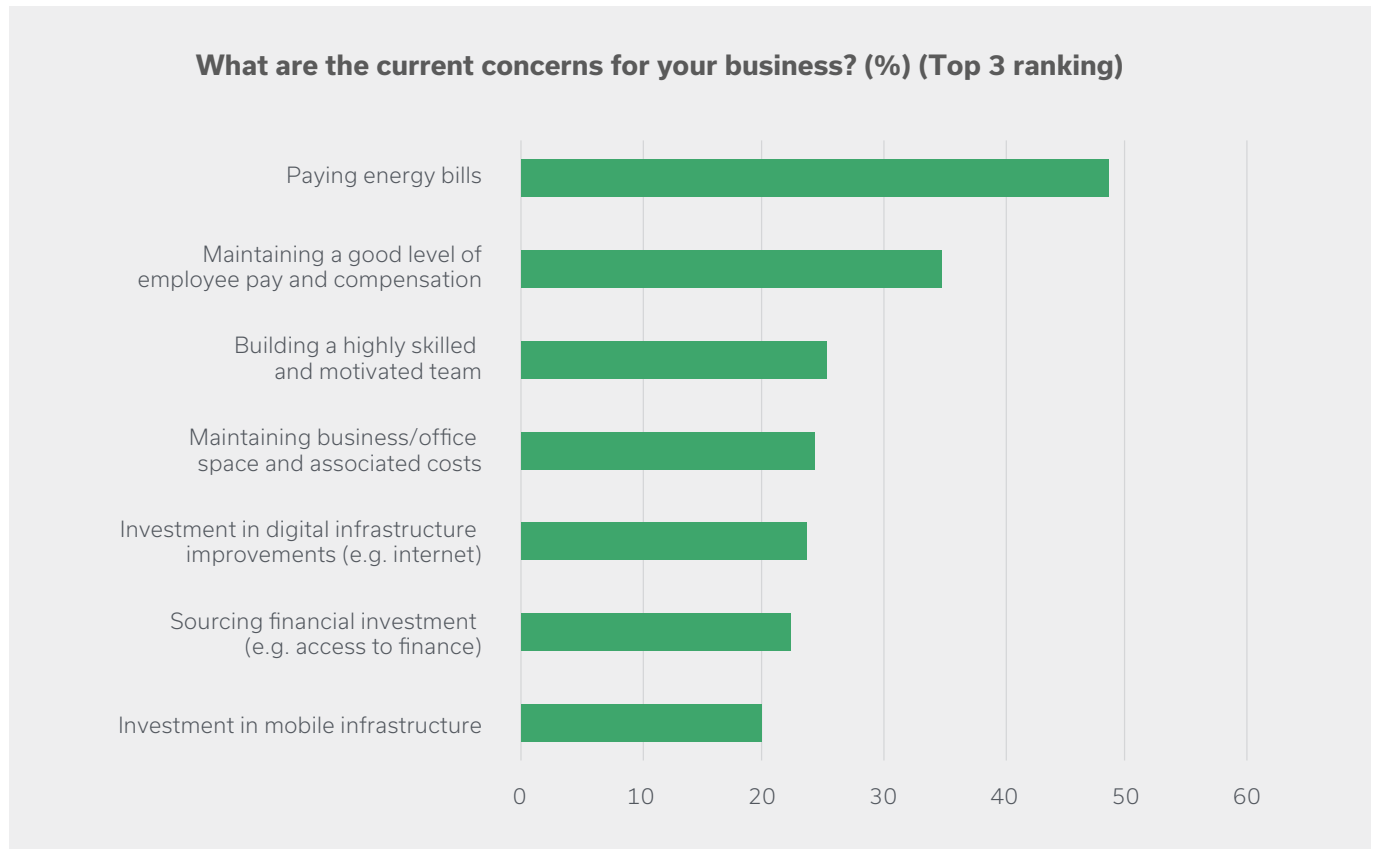
Their financial position, and the maintenance of it, is paramount with 48% of business leaders ranking it in their top three priorities. 35% ranked

building a highly skilled and motivated team in the top 3 priorities, while 24% emphasised embedding efficiency and productivity.



Paying energy bills was the most common concern for leaders, with 30% citing it as the top current concern. Other concerns include building a highly skilled and motivated team (16%), investment in

digital infrastructure projects (9%), maintaining business space and associated costs (5%), and investment in mobile infrastructure (5%).





# An opportunity

The research suggests that when it comes to satisfaction rates, nine in 10 (89%) are overall very or somewhat satisfied with their internet package.

However, one in 10 (10%) business leaders say their internet package is 'poor' when it comes to cost, around 7% think reliability is poor, and 6% think speed is poor.

While that is good news for the industry and represents a positive picture for most ISPs and their business users, it does mean that there are hundreds of thousands of businesses who want a better service. [The Office of National Statistics](#)<sup>10</sup> estimate that there are 5.5 million businesses in the UK, of which 99.9 per cent are small or medium sized businesses (with 0-249 employees).

According to the polling figures from our survey, that would equate to approximately 544,500 businesses wanting cheaper internet, 384,615 looking for greater reliability and 329,670 who are potentially in the market for a faster internet service. Although representing a small proportion of total UK businesses, they represent a considerable opportunity for improvement.

**“It allows me to work from home, with reliability and speed of service.”**

Frances J, Director, 35-44, Manufacturing and Engineering



Business and the world of work is changing. More people are working from home (currently 16%) or in a remote hybrid environment (28%) than before the pandemic. Across all sectors of the economy businesses are seeing a greater proportion of their workforce make use of the flexibilities and freedoms which come from hybrid working.

Businesses are unsurprisingly focused on protecting their financial position, and 14% report that part of that planning is maintaining a good level of employee payment and compensation. By their own admission, businesses can hire people who would otherwise be unavailable to them by having remote and home working. However, fast and reliable internet and its benefits is clearly central to this happening successfully.

<sup>10</sup> UK Government, Business population estimates for the UK and regions 2022: statistical release

# Conclusion

There is a clear story emerging from the research, and a clear call to action on government. Full fibre is an enabler for growth and productivity – bringing both social and economic benefits.

Remote and home working allows staff to be productive and enables a happier workforce, but the advantages reach further than that.

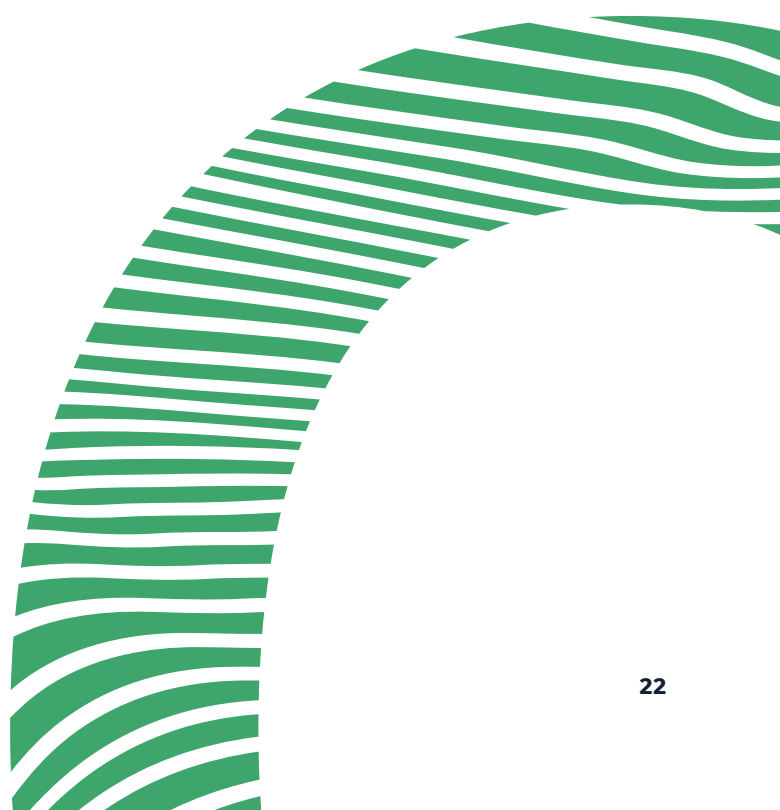
The UK has a long tail when it comes to productivity. It is a complex, long-standing problem that governments of all stripes have battled to grip. The current Government has made growing the economy a key part of their domestic policy platform, which includes making it easier to do business. A key element of achieving this must be securing growth in all parts of the country. Full fibre is central to doing so.

The commonality between growing the economy, and businesses expanding their bottom line is access to affordable and reliable internet services.

Certainty that the digital infrastructure they have can be depended on for day-to-day business critical tasks – such as video conferencing – ensures the smooth running of business, staff motivation, staff productivity, sector productivity, and UK growth.

In an [Openreach and CEBR report](#), we forecast a gross value added uplift of £72 billion by 2030, if roll out of full fibre is completed at that point – with benefits continuing to rise after deployment is complete.

With myths around price having been bust, and business and government priorities aligned, now the is time for investment in ultrafast and fibre infrastructure, so everyone can harness the benefits.



# Methodology

Be the Business, in partnership with Openreach, commissioned Opinium to conduct a quantitative survey 1,000 senior decision makers in small- and medium-sized businesses between 14th and 23rd February 2023. They were asked a series of questions relating to the challenges they face as a business, how post-pandemic changes to working practices are impacting their business model and a series of focused questions on their personal knowledge of and their business requirements surrounding the use of the internet.

Be the Business, in partnership with Openreach, also commissioned C-Space to conduct a qualitative survey of 61 business leaders in March 2022. They were asked a series of questions relating to the challenges they face as a business, how post-pandemic changes to working practices are impacting their business model and a series of focused questions on their personal knowledge of and their business requirements surrounding the use of the internet.





Be the Business is an independent charity that inspires greater productivity, by connecting leadership teams to the curated expertise needed to answer today's challenges.

By combining peer-to-peer networks, the employee expertise found within pioneering corporate partners, independent business experts and our research and insights, we inspire leadership teams to create and deliver sustainable business change. Collectively we're transforming the UK's productivity, raising the value of businesses in our communities, safeguarding jobs and improving standards of living.

**Inspiring Greater Productivity.**