

# What does the future of technology look like for South Africa's SMEs?

 By [Colin Timmis](#),

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Over the past decade, technology has radically changed the way businesses operate. Now, even small businesses have access to powerful tools that were previously expensive or complicated.



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The pace of change has been rapid – and it's unlikely to slow down. Businesses must keep up with technology to stay competitive. According to research conducted by Citrix, 92% of companies across South Africa's key industries agree that digital adoption directly affects company profits. However, 54% still feel unprepared for the future.

So, what does the future of technology look like for South Africa's small businesses? How can the other 46% of companies prepare?

## 5G and WiFi 6 – faster internet speed

In the foreseeable future, we will see a rapid increase in the use of fibre across South Africa. According to Xero's State of Small Business Report, 49% of small businesses surveyed used ADSL connections and only 37% used fibre.

When asked to describe their internet connections, 45% said they were 'great', while 43% said they were 'okay but not 100% reliable'. 57% of those who said their connection was 'great' were fibre users.

South Africa is still playing catch-up in terms of internet connectivity and speed. However, WiFi 6 is set to improve the way routers distribute traffic to connected devices and increase the transfer speeds by around 30%. For when you're on the go, 5G is the next generation of mobile data standard. It's already being trialed by South African carrier Rain, and a broader rollout is expected in 2020.

## **Machine learning and Artificial Intelligence – more efficient software**

Even if you aren't aware of it, you're probably already using smart software which leverages machine learning (ML) and artificial intelligence (AI) in your business. While only a tiny proportion of respondents (0.25%) from Xero's State of Small Business Report say they are using them, most businesses are aware of how important they are.

AI and ML are great at taking large amounts of data and spotting patterns that humans might miss. They help businesses cover some of the more routine tasks so they are freed-up to focus on the most important priorities. For example, tedious tasks like bank reconciliation, can now be completely automated.

## **Blockchain – safer, more secure transfers**

If you hear 'blockchain' and think 'cryptocurrency,' you're not alone. However, the technology also has something to offer when it comes to existing payment technologies. Through its complexity and high level of encryption, integration with blockchain can make transferring valuable assets more secure. It can also be used for more effective fraud prevention and other security-focused tasks.

## **The cloud – access data everywhere**

Cloud computing is starting to become a standard part of life for many small businesses in South Africa today. According to Xero's State of Small Business report, 19% of respondents surveyed make use of cloud technology. Of these respondents, 98% reported a significant increase in profit thanks to adopting this technology – and 99% identified an increase in efficiency.

The trend towards cloud adoption is likely to continue as we see the development of technologies, like faster speed through fibre, WiFi 6, 5G, and machine learning powering it.

## **Integrated financial software**

When it comes to accounting in a small business, these new technologies will enable much smarter ways of working. Take bank reconciliation, for example, where cloud storage and machine learning will search through documents and expenses on your behalf to compile reports.

Eventually, we will be able to access everything we want in one integrated, seamless hub. We can see this development through the use of app integration. Xero has 800+ apps already compatible, which enables small businesses to automate, gain better insight and grow their businesses all through one ecosystem of partners.

## **Access to capital**

Open banking, the process of banks and financial services opening their APIs to the market, will shape how businesses

access funding. By sharing their financial data instantly, potential investors have immediate access to a company's revenue, profits and cashflow – enabling them to make fast, informed decisions.

Platforms like Xero keep all of a company's financial data up to date. That way, when the company needs to file for a loan their documents are ready to go. Xero is also continuously pursuing new partnerships to help fuel small business growth. Earlier this year Xero partnered with three new alternative lenders, to help improve access to funding.

Digital adoption offers an island of stability in the volatile South African economy. Technology allows businesses to run more efficiently, remain globally integrated, and maximise their profits. Companies which keep up with the latest technology, from incorporating it into their processes to training staff, will have a real advantage over their competitors.

## ABOUT COLIN TIMMIS,

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