

> KEYNOTES FROM DECEMBER 2006 - BB103

Will WiFi benefit smaller businesses? - your view.

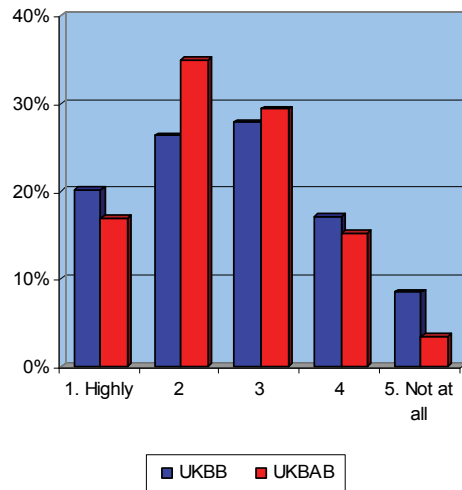
Many commentators have said that wireless access to the internet will allow more competitive opportunities to businesses.

Amongst the respondents to the December BB survey, 47% consider that WiFi will be beneficial to their businesses, either highly or relatively highly, although 9% do not foresee benefits from it.

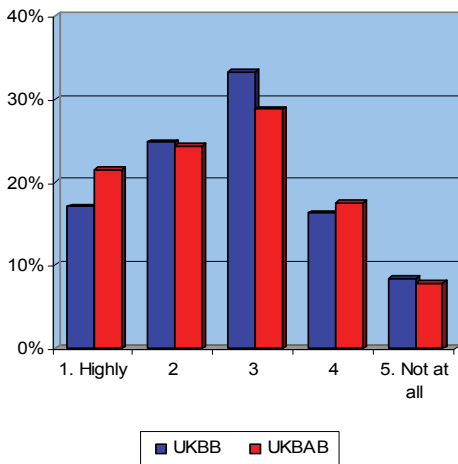
In the parallel UKBAB survey, business advisers were asked to what extent they think WiFi will benefit smaller businesses. 52% responded that they believe smaller businesses will benefit highly or relatively highly and only 3% think there will be no benefit at all from it.

One respondent to the UKBB commented that the technology is still very new and his business will not use it because of security considerations, despite the currently available security protocols.

To what extent do you consider that the development of 'WiFi' technology (wireless connectivity) is likely to be beneficial to your business either now or in the future?



To what extent do you believe that greater public investment in the creation of 'WiFi' hotspots (access points to wireless connectivity) is money well spent?



Public investment in WiFi—is it money well spent?

The government's Digital Challenge Initiative was set up to improve social inclusion and has highlighted initiatives by local government around the UK in introducing wider access to the internet.

42% of respondents to the UKBB and 46% of respondents to the parallel survey of business advisers, the UKBAB believe to a high or relatively high extent that greater public investment in WiFi hotspots is money well spent. Totals of 25% of both sets of respondents disagreed, selecting either category '5. not at all' or category '4'.

The Panellist's view

Our company will not use such technology.... it's no real cost to install cabling into a business. I think WiFi is suited to homes where cable installation is more of a hassle.

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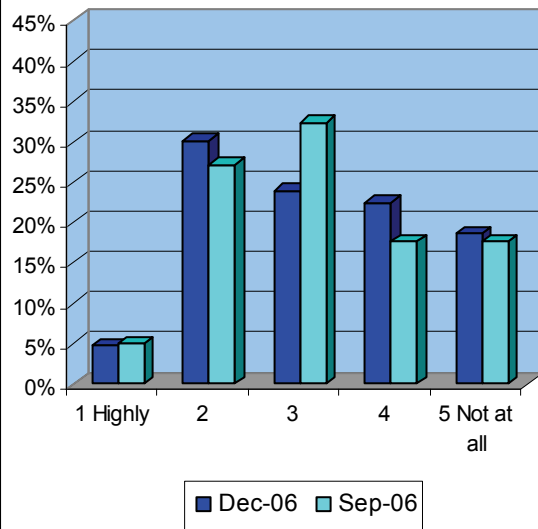
Trends—Fourth Quarter 2006

Decrease seen in constraints due to skill shortages

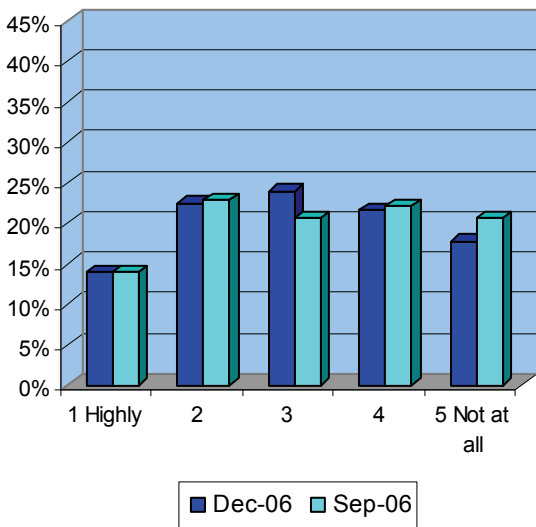
Constraints on business due to skill shortages decreased on average during the last quarter but those due to lack of finance slightly increased.

The index for businesses with turnovers of between £1M and £3M increased for constraints due to skill shortages, but this was offset by decreases for both smaller and larger turnover businesses to produce an overall average index decrease of 2% in the quarter.

To what extent is your business constrained by skill shortages?



To what extent is your business constrained by a lack of finance?



By sector, production and manufacturing and distribution decreased in constraints from shortages of skills while there was an increase in the services industries index.

Constraints due to lack of finance also increased among firms with turnover of between £1M and £3M and in both the Production/.Manufacturing and Services sectors.

Increase in financial constraints

Constraints due to lack of finance also increased among firms with turnover of between £1M and £3M and in both the Production/.Manufacturing and Services sectors.

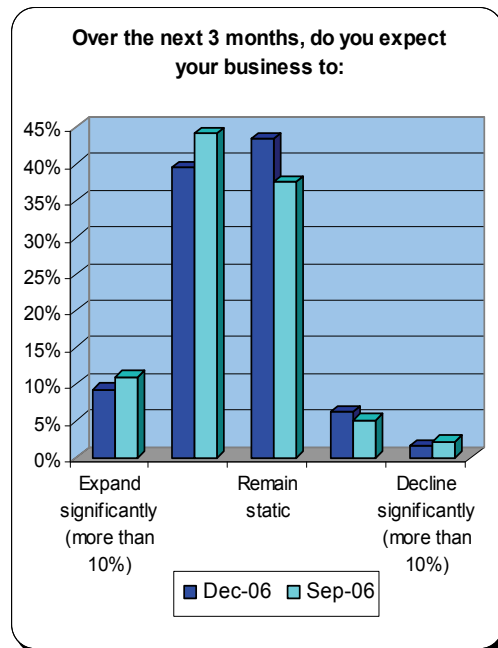
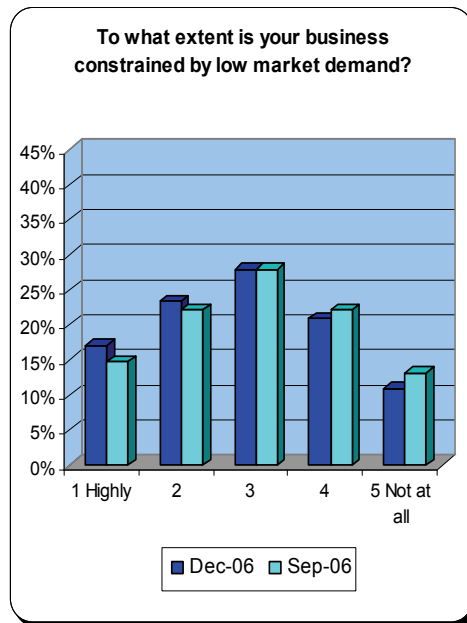
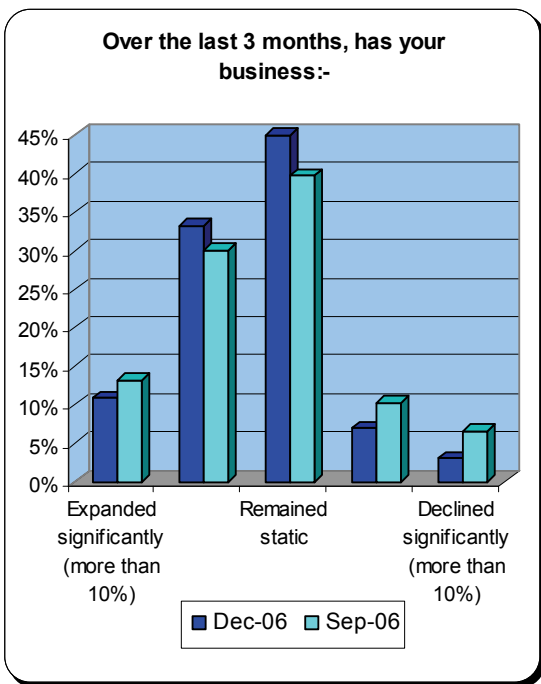
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Trends—Fourth Quarter 2006

Constraint index sees overall increase

Constraints due to low market demand decreased in businesses across the middle (£1M - £3M) range of turnover but increased in the higher and lower ranges.

By sector, constraints increased in Production and Manufacturing, and Services but decreased in Distribution. The overall average constraint index moved up by 4%.



Higher and lower turnover firms see increased growth.

Average growth in the last quarter decreased in the middle range of turnover (£1M - £3M), and in the distribution sector, but increased in the other turnover ranges and sectors.

The overall average increased in the three month period by 2½%. Overall, respondents expect the growth rate in the fourth quarter to be lower, although service companies are more optimistic as are companies with turnovers of under £1M.

> THE QUESTIONS - DECEMBER 2006 - BB103

- Q1. A recent survey highlighted the responsibilities that banks have to their smaller business customers. To what extent are you aware of the 'Business Banking code'?
- Q2. To what extent do you compare the charges and services of alternative banks to those of your present bank?
- Q3. Are you more likely to compare the charges and services of banks than you were two years ago?
- Q4. Recent research has found that investing in new information technology is more frightening for many small business owners than getting married or buying a house. Do you find the prospect of upgrading/replacing your IT system a daunting one?
- Q5. To what extent do you consider that the development of 'WiFi' technology (wireless connectivity) is likely to be beneficial to your business either now or in the future?
- Q6. To what extent do you believe that greater public investment in the creation of 'WiFi' hotspots (access points to wireless connectivity) is money well spent?

Q7.

How often do you expect to upgrade your computer hardware?

Quarterly Trends Questions

The following set of questions has been asked of the panel each quarter for the last six years:

Q8.

To what extent is your business constrained by skill shortages?

Q9.

To what extent is your business constrained by a lack of finance?

Q10.

To what extent is your business constrained by low market demand?

Q11.

Over the last 3 months, has your business:-
(*expanded/declined*)

Q12.

Over the next 3 months, do you expect your business to: (*expand/decline*)

Click here to view the complete set of results for this and for previous surveys: www.ukbb.ac/UI/surveys.aspx

About the respondents:

In the December 2006 survey 129 respondents were drawn with the following population characteristics:

Sector			
Production & Manufacturing	Distribution	Services	Total
26.4%	10.9%	62.8%	100.0%

Turnover (£)			
< 1 M	1M-3M	>3M	Total
70.4%	16.3%	13.3%	100.0%

Number of Full-time Employees					
1-10	11-20	21-50	51-100	100+	Total
58.1%	27.9%	7.8%	2.3%	3.9%	100.0%

UKBB: Benchmarking key issues for smaller businesses

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