

Policy recommendations

Supporting businesses of every size

The opportunity

Small and mid-sized businesses (SMBs) play an essential role in fueling economic growth and job creation around the world. As SMBs search for ways to grow, they can embrace a new wave of information technologies to increase productivity, lower barriers to innovation, expand supply chains, and reach new markets.

While the advent of the cloud means SMBs can access many of the same technologies as large enterprises, the risk of a growing technology gulf between large corporations and SMBs should be a critical consideration for policymakers around the world. Experience suggests that there is a strong correlation between the adoption of advanced information technologies and growth in revenue and jobs for SMBs.

The challenge

The adoption of new innovations in digital technology by smaller companies has been uneven. This threatens to widen the performance gap between large enterprises and SMBs as the pace of innovation accelerates. In addition, SMBs are often disproportionately affected by policy decisions that are directed at large enterprises, particularly multinationals. Laws governing data protection, data storage, and localization of services can place unreasonable burdens on SMBs and limit their ability to take advantage of the cloud to optimize business operations and compete successfully.

Policy recommendations

Given the size and importance of the SMB sector, it is important for policymakers to consider policies that will help small businesses

thrive and to understand which policies may block their growth. Today, enterprise-grade technology that has traditionally been too complicated or too expensive for SMBs to use is now within reach.

To capitalize on this opportunity, governments must create policy environments that support and encourage the safe, secure, affordable, and innovative use of the cloud and expand the export potential for SMBs.

Ensure access to world-class infrastructure and networks. In order to connect, collaborate, and compete, SMBs need information and communications networks that are accessible and affordable. Broadband policies should take into account the need for SMBs to have reliable connectivity and address “last-mile” challenges to ensure that SMBs in rural and remote locations are not left behind.

Provide incentives and training. Not only does the cloud increase the productivity of SMBs, but it enables greater economic participation by millions of people who can operate businesses from home—many of them women and minorities. To speed adoption, governments can enact programs that provide better access to affordable technology for SMBs, especially cloud services. Direct incentives such as grants or tax subsidies have been used successfully in many countries to encourage SMBs to implement cloud services.

Encourage exports. One way for economies to grow is to increase the export potential for SMBs. Industry policies can encourage SMBs to use the cloud to access global supply chains and expand the markets for their goods. Similarly, trade policy can also assist SMBs by lowering tariffs, reducing red tape, and streamlining customs procedures to facilitate greater trade opportunities.

Support policies that address privacy and data security concerns. To address privacy and security concerns, governments should focus on maintaining security certification for cloud vendors, avoid rules that inhibit the flow of data and data services across borders, and encourage innovation and growth without putting private data at risk.

Evidence and further reading:

Boston Consulting Group Report: [“Ahead of the Curve - Lessons on Technology and Growth from Small-Business Leaders”](#)

Huffington Post: [“What is the Cloud \(And Why Do Small Businesses Need to Care\)”](#)

Business.com: [“Study Shows Small Businesses Are Doubling Profits by Switching to Cloud Computing”](#)

Forbes: [“Roundup of Small & Medium Business Cloud Computing Forecasts and Market Estimates”](#)

Asia Cloud Computing Association Report: [“SMEs in Asia Pacific: The Market for Cloud Computing”](#)

For links to these and other resources, please visit:
<http://www.microsoft.com/cloudforgood>