



## **Easynet Connect: SMEs looking online to overcome £21.7bn impact of CSR cuts**

London, 21 October 2010: Easynet Connect, one of the leading ISPs for small and medium sized enterprises, has warned that whilst the £81bn public sector spending cuts outlined in the Comprehensive Spending Review (CSR) could reduce the output of SMEs by £21.7bn per year and lead to 288,500 job losses, the SME sector is the best equipped to drive the economic recovery.<sup>1</sup>

With small and medium sized businesses accounting for 49% of all private sector output and 59.8% of private sector employment in 2009 according to statistics from the Department for Business Innovation and Skills, Easynet Connect believes that smaller companies are in a better position to drive growth than larger businesses and corporations, as long as a positive business environment is protected.<sup>1</sup>

Andy Sumner, Sales and Marketing Director, Easynet Connect said of the impact of the CSR on SMEs: "Based upon previous predictions by PricewaterHouse Cooper's, the £81 billion public spending cuts could have an overall £21.7 billion per annum impact on SMEs, creating a major threat to many small businesses across the UK. However, many small businesses will be better prepared than their larger peers and competitors to deal with the cuts as they are more agile and able to respond to change. The SMEs that we work with across the country accept cuts as a necessary evil, but they also know the right business environment needs to be in place, whether this is access to credit, professional support networks or national web infrastructure."

Research conducted by Easynet Connect in April showed that SMEs were already cautious about the economy before the severity of the planned cuts were announced, with 58% not expecting growth to return to the economy for another 1-2 years and 28% awaiting the results of the general election before creating growth plans. Notably, 79% of small businesses believed the internet was driving a faster recovery than previous recessions with 81% claiming they could not cope for longer than 24 hours without reliable internet access, showing the clear benefits of reliable web infrastructure.<sup>2</sup>

Sumner continued; “Small businesses have an advantage because they are well positioned to respond to new opportunities. In fact, one in five SMEs were already planning to expand into new areas before the result of the election was announced in April and we envisage this will be the case again as the impacts of the cuts become clear. During the recession, SMEs gained first hand experience of taking on their larger rivals, delivering cost-savings using the latest online tools, from web conferencing to online ‘cloud’ software and driving business through tools like e-commerce. As the UK leans on the private sector in tackling the debt crisis, we expect SMEs will be relying on their internet connections more than ever.”

With major business leaders backing the Chancellor’s cuts and private sector companies expected to create 2.5 million new jobs,<sup>3</sup> the latest research from the Chartered Institute of Management has shown that confidence is higher amongst SMEs than larger companies with more than 250 employees.<sup>4</sup>

**ENDS**

#### **Notes to Editors**

<sup>1</sup> Pricewaterhouse Coopers figures estimate the financial impact of the CSR on overall private sector output to reach £46bn per annum and costing up to 500,000 jobs based upon a public spending cuts of £84bn. All figures in this release have been readjusted based upon the actual spending cuts of £81bn, or a 3.5% reduction. (PricewaterhouseCoopers, October 2010 <http://www.psrc.pwc.com>). The SME share of overall private sector turnover is (49%) and employment (59.8%) as detailed by The Department for Business Innovation and Skills, October 2010 <http://stats.bis.gov.uk/ed/sme/>.

<sup>2</sup> Easynet Connect, April 2010 <http://www.easynetconnect.net/industry-insight/whitepapers-and-reports/gearing-up-for-growth.aspx>

<sup>3</sup> Press Association, October 2010 <http://www.google.com/hostednews/ukpress/article/ALeqM5iSpLo12I23N1VQcGL3QGF4LedAsQ?docId=N0321681287358070328A>

<sup>4</sup> The Chartered Institute of Management, October 2010 <http://www.managers.org.uk/news/renewed-fears-double-dip-recession-cast-shadow-over-uk-0>

#### **Relevant Links**

- Download the report, *Are UK SMEs gearing up for growth? – April 2010* here: <http://www.easynetconnect.net/industry-insight/whitepapers-and-reports/gearing-up-for-growth.aspx>
- Download Easynet Connect’s 2010 report into cloud computing adoption among SMEs, *Could 2010 be the year SMEs fully embrace cloud computing? – January 2010* here:

<http://www.easynetconnect.net/industry-insight/whitepapers-and-reports/cloud-computing-2010.aspx>

### **Tags**

- Comprehensive Spending Review, CSR, Broadband, Internet, Easynet Connect, Easynet

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### **About [Easynet Connect](#)**

[Easynet Connect](#) is one of the UK's leading providers of quality connectivity and internet access for small to medium size businesses. Its services range from business class ADSL and SDSL through to high-quality, leased line equivalent and Ethernet based services. It is the first ISP to launch a reliable fixed-rate 100 Mbps fibre service across London.

Together with the management team Easynet is owned by LDC (Lloyds TSB Development Capital). LDC is the leading mid-market private equity arm of Lloyds Banking Group.

For more information visit [www.easynetconnect.net](http://www.easynetconnect.net) or call 0800 053 1777.

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