



A DIRECTOR'S  
POCKET BOOK

# your business and the internet

how smaller companies  
can benefit from broadband

A large, stylized graphic of a globe or sphere, composed of a grid of lines, is positioned in the lower half of the page. It is rendered in a light blue color against the darker blue background.

≡ online

# A simple broadband solution for a fancy business

Catherine Rouse runs Starmaker, a fancy dress hire outlet offering 1,000s of party and entertainment outfits. Bought as an established shop, Catherine realised the potential of expanding the customer base online. She chose UK Online Business Broadband as it offered everything her small



business needed in an all-inclusive package including a free domain name. Importantly, for someone who had not run an online business before, having a single supplier with free 24x7 UK-based technical support was invaluable.

As Catherine says, "I have been able to concentrate on my business and spend my time and energy on my customers, rather than worrying about the technicalities of my online business."

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### UK Online

UK Online is one of the leading broadband providers specialising in internet for businesses with 1-10 employees nationwide. Whether you are a sole trader, work from home, run an established small business or you are just starting out, you can gain a strong business advantage at a cost effective price with our professional broadband service. We understand that small businesses have very different needs to consumers and larger enterprises and we get you online simply and quickly – within 10 working days – with no confusing jargon or hidden costs.

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# contents

<input type="checkbox"/>	foreword	4
<input type="checkbox"/>	introduction	5
<input checked="" type="checkbox"/>	1 the opportunity	6
<input checked="" type="checkbox"/>	2 core applications	13
<input checked="" type="checkbox"/>	3 more applications	23
<input checked="" type="checkbox"/>	4 the nuts & bolts	29
<input type="checkbox"/>	resources	37

**Miles Templeman, Director General  
Institute of Directors**

With so many of us using the internet these days at work and at home it is easy to take it for granted – and to assume that all British businesses are participating fully in this communications revolution. Undoubtedly, all large organisations have an internet strategy, but as this pocket book reveals, many smaller companies – especially at the low end of the ‘SME’ bracket – have yet to even embark on the first steps to getting connected, let alone setting up staple offerings such as a company email address and website.

Just as it is a concern that certain sections of the community are being left behind in the ‘information society’, it is also a particular concern of the IoD that smaller businesses – which make up the vast bulk of UK firms and indeed our own membership – are not maximising their opportunities. Previous research by the IoD has clearly demonstrated that investment in broadband technology is linked to increased profitability, and in many cases is transforming the way companies do business.

Much of the intelligence about the internet focuses on the needs of consumers, while for businesses information tends to be at a complex, ‘high end’ technical and strategic level. Smaller companies need straightforward advice about what they can sensibly achieve with the resources to hand, and we are pleased to publish a Pocket Book that aligns information about the internet with their business needs.

### Chris Stening, Managing Director UK Online

Email volumes continue to explode, with 600 billion currently sent each year and 93 per cent of organisations now using email to answer customer queries. Largely driven by the explosion in internet take up within the home, Googling or 'to Google' is becoming not only a widely used verb but also the way many consumers locate and find out more about businesses they want to buy from. Managing email and having a web presence – even if it is a basic one – is now key for virtually every business.

With emails so central to our working lives, it would seem to follow that businesses would consider the management of them a top priority. While this is mostly true for larger organisations, it appears that smaller businesses are still lagging behind. According to recent research of ours, many small businesses still do not have email, and of those that do, more than a third admit to using a consumer internet package instead of a business grade service.

As the public becomes increasingly accustomed to buying goods and services online, can businesses, regardless of size, afford to miss important emails because they were out and unable to check their account remotely? Or can they risk having no email backup or no technical support to restore it in time?

The internet has placed almost unlimited choice in the hands of the consumer. For today's businesses, speed of response and customer service are more important than ever. Being 'offline' is no longer an option.

# the opportunity

There can be few people in business today who do not use the internet in some form in their everyday activities, either for work or leisure. This ‘network of networks’, as the internet is often called, has undergone explosive growth in recent years. There are now more than 1.1 billion people worldwide – about 18 per cent of the global population – with some form of internet access. It has in many people’s view become a basic feature of global civilisation, with national governments and the European Union now concerned with measures to iron out inequalities in access between the haves and the have nots, in what is becoming an ‘information society’.

And, consumers are voting with their wallets. According to analyst Forrester Research, by 2011, 32 million UK consumers will be shopping online and spending almost £53bn – making the UK the most lucrative ‘e-commerce’ market in Europe. Organisations – both in the private and public sector – are also moving much of their purchasing of goods and services to internet channels.

For businesses, there are several major applications of the internet that have become indispensable:

- email – the first service on the internet to be widely taken up by business – has mushroomed to the extent that it has overtaken phone calls as the most widely used communications method
- the World Wide Web – or web for short – provides access to billions of pages of written information and other media. Plus, businesses are making increasingly sophisticated use of websites

### UK INTERNET TRENDS & STATISTICS

For 2007, the Office for National Statistics reports:

- more than 15 million households (61 per cent) have internet access – an increase of one million on 2006
- about 84 per cent of households with the internet use broadband
- of 16-42 year olds 90 per cent had accessed the internet in the three months before interview, compared with 24 per cent of those over 65
- of recent internet users, 67 per cent use it every day or almost every day
- the most popular activity is searching for information on goods and services, although email comes a close second (and is the most popular among women)
- 18 per cent of regular internet users have accessed it via a wireless notebook computer, and 15 per cent by mobile phone

Ofcom's Communications Market Report 2007 reveals:

- average daily internet use in 2006 was 36 minutes
- silver surfers – those over 65 who use the internet – spend more time online than any other age group (42 hours a month on average), and the over-50s account for 30 per cent of total time spent online
- women aged 25-34 spend 20 per cent more time online than their male counterparts
- average broadband speeds for residential and small business users had increased to 4.6Mb a second by June 2007

- the internet supports all manner of business applications, such as electronic trading with partners, hosted sales and marketing systems, remote data backup, self-service banking and 'red tape' filing with government agencies

- more sophisticated communications applications are now becoming widespread, including instant messaging, videoconferencing, web conferencing and the ability to make telephone calls over the internet, bypassing the public telephone system

Most applications that larger companies run are also now well within reach of smaller companies – both from a technical and financial viewpoint. However, they have yet to realise the full value of the internet and how it can greatly help many aspects of their operations, especially their sales, marketing and customer service activities, and also day-to-day admin and security.

According to research by UK Online, two thirds of small businesses – defined as those with 1-10 employees – do not yet have an internet connection at all. Further analysis of those that do indicates that:

- just over half do not have a company website
- almost one in five are still using slow ‘dial up’ connections, rather than much faster broadband
- one in five are not taking basic security precautions, such as using anti-virus software

As more than 80 per cent of the 4.3 million businesses in the UK fall into this smallest business category, these figures reveal a major shortfall in business potential. UK Online’s survey is not alone in uncovering such a lack of provision. While the percentage of internet connections is much higher if the definition of a small business is extended to 50 employees, about 40 per cent of firms still do not have a company website, according to BT.

Companies and partnerships that do not have any internet provision, or very limited access, could be

severely curtailing their opportunities for a wide range of operational and growth activities.

Running a small business usually involves using a computer, at least for doing basic word processing and the company accounts. However, by connecting to the internet, it can be transformed into a communications engine. Email is an obvious gain, and so is the ability to research and interact with other people and businesses over the web.

Another major benefit is the availability online of the latest applications such as company email 'servers' and contact and customer relationship management systems. Such developments eliminate the need to buy and maintain complex software.

A website is the most visible part of the internet. Not having even a basic site – essentially just a description of your business with contact details – is a serious omission. Although customers may still hear about you through your usual channels, such as word of mouth, local media and advertising, etc., one of the first things many do is to 'Google' you – searching for your website to gauge your offerings in more detail and see how you stack up against the competition.

Today's consumers and business people increasingly expect their interactions with companies to be at 'internet speed'. The internet has put paid to the 9-5 mentality, with people often shopping for goods and services out of office hours. And, while they do not expect a response at 2.00am, they do expect to find or request the information they want, often by email, and place orders.

Communications technology is also playing a vital role in promoting work-life balance and greater productivity, as it allows people to work at home and on the move.

Perhaps the most profound implication of the internet is its national and international dimension. Today's consumers are buying from companies all over the UK and also often from abroad, taking advantage of much cheaper products, even when shipping is factored in. So, in one sense, local and regional presence now matter little for the supply of many goods. However, many customers and also business people prefer to build relationships with local suppliers. They will often go a long way – on the internet, that is – to find trusted partners. This makes it even more crucial to have an internet presence, if one of your selling points is providing a superior, local service to that of a remote company.

Conversely, if your business involves selling to clients in far flung locations, or if you want to extend your range, a web presence can put you alongside local competition elsewhere. In addition, web or video conferencing are powerful tools, not least for demonstrating products.

Many small business owners are well aware of these issues, but lack the resources, time or ability to progress their use of the internet. Some still lack confidence in their own technology skills and knowledge, and may have had bad experiences with communications providers.

Cost is also a major factor, especially for small businesses. There is a commitment to monthly, quarterly or annual fees for a range of services, including the internet connection, as well as website hosting and access to other applications. Many also baulk at the cost of building a website.

But doing nothing is no longer an option. Sooner or later small firms need to start to explore the internet and application choices. To help make those choices, it helps to understand what kind of outcome you want

from starting or boosting an internet strategy. Ofcom, the communications regulator, has come up with the following three types of role that communications technology can play in smaller businesses, depending on how important they believe it to be:

- **driver** – technology can change the shape of the business through its role in product development, brand image, and creating sales opportunities and unique selling points
- **enabler** – technology is an essential vehicle for making the business more efficient by managing customer relationships, minimising errors and helping to secure market position
- **utility** – technology is a basic tool for communication, helping with office administration and communications inside and outside the company

In its 2006 report, *SME engagement with digital communications services*, Ofcom says small businesses are divided almost evenly between these three groups of adopters. However, not surprisingly, those in the driver category were much more likely to see such technology as vital to the success of their company. The ‘enablers’ place less importance on technology, yet recognise they could be getting more benefits, while the utility group were ‘unlikely to be fully exploiting the benefits’ for their firms.

But getting your foot on the internet ladder is important. For those about to take their first step it is usually wise to introduce technology in stages. The worst approach is to rush in with, say, a costly website that does not match the current ability of the company to service, or which adds little value. It is also common to find that the

intended use of new technology does not materialise, and another surfaces – say, an emphasis on customer service rather than generating new sales.

For smaller companies, there are several areas to explore immediately that will help stabilise your use of technology, establish which applications are important to you and provide a good platform to develop more ambitious plans.

- internet provision – are you using a consumer supplier for your business? Whether you have the internet or not, it is important to consider using a business grade broadband service to guarantee better access speeds and availability, especially for customer support
- email – establishing a company email server, either hosted or inhouse, provides a secure, professional platform for the most vital internet service
- website – even a basic site signals your presence on the internet and provides a platform for developing a more sophisticated ‘shop window’
- customer data – a client database is the building block of any business, but making best use of it depends on how well it is organised. Data can now be collected and maintained in low-cost email and contact management packages that will greatly help in both sales and service
- access and mobility – for companies that have several staff, some of whom may be mobile professionals, providing a network for sharing internet access and customer data, and access while out and about, is crucial

Above all, the most important factor is attitude and determination not to get left behind in the internet age.

# core applications

## email essentials

Email has become one of the most important business communication tools. For both one-to-one and one-to-many communications, it has a strong set of attributes:

- emails are usually received automatically or on demand by people – they can then choose when and where to read them
- emails get delivered fast. Depending on levels of speed, they can be transmitted almost instantly
- people are hungry for information. Good material about people's interests will always be welcome
- emails can save time and money. They do not just have to be passive information carriers but can link through the internet to other sources of information and directly to goods to buy
- emails can directly accompany or embody the type of material normally sent by direct mail

For one-to-one communications with customers, prospects and partners and with other staff, email offers a powerful conduit for all types of information. It can also convey large amounts of materials in the form of attachments. By combining email with telephone calls, you can conduct communications with people at times that suit them best, using the most appropriate medium.

A big service industry has grown up around email marketing – the use of email to communicate with often very large groups of customers. Any company can

conduct email marketing campaigns, using its own or bought-in data. When implemented properly, such campaigns can help with both customer acquisition and retention. However, you need to set yourself apart from the plague of 'spam', or unsolicited and offensive email.

Email is an 'opt in' medium – you need to get people's permission to email them and must always offer an option to deregister from your mailing list. For existing, satisfied customers, regular informative emails are likely to be welcome and can help cement relationships.

To attract new business via email, you will need to gather recipients' email addresses from another channel – such as from your website – and only when they have provided their details willingly in the knowledge that you will use it for marketing purposes. See the Information Commissioner's site ([ico.gov.uk](http://ico.gov.uk)) for rules and advice on sending email to consumers and businesses.

Above all, service your emails as soon as possible – and certainly within 24 hours. Too many companies delay replying – or fail to respond at all – to enquiries they may have from websites and adverts. You should also avoid using automated responses. Small businesses have the great advantage of being faster and more personal than corporates, so don't squander the opportunities.

In the same way that having a website named after the company indicates a professional internet presence, emails sent with a company address – and not with the name of the internet service provider – show you are a serious proposition. A good provider will supply you with a number of email addresses that you can allocate to staff.

For a professional email service, you need an email server that allows your emails to be received at any time and

distributed to the right people. But, above all, it must keep your data secure, as much intelligence is now captured in emails. You can choose to have an email server hosted for you by your internet service provider, or to host it yourself on your office network.

### websites

Along with email, a website is a key internet tool. Nearly all small firms start with a website that is often dismissively called an 'online brochure'. But a site that provides core information about your company, its offerings and prices, and contact details, should be considered a bare necessity. Once it contains a certain amount of key information – words that identify what your business does – it can be found on search engines such as Google and people will visit the site if they are interested.

A basic website need not be costly to produce. You will probably already have some 'webspace' to host your site provided by your internet service provider and it is perfectly feasible to use a standard template for a few web pages, rather than using a design company. For more complex sites you could look at firms that provide fixed price work, which can include powerful extras such as managing your site's content.

Indeed, it is possible for most computer literate people to put together a basic site in an hour or so with the growing number of 'instant' packages now available, with costs including registering the website name.

Other important considerations:

- ensure the website is accessible to people with disabilities such as visual impairment, and avoid garish colours (note that many men are colour blind)

- an attractive looking site is often let down by the quality of the writing. Poor grammar and spelling are guaranteed to put people off, more so than shortcomings in the look of your site
- check the content on the site is up to date and matches other marketing material you send out
- make your home page as informative as possible – and don't tuck it behind an opening page with a fancy visual. Ensure phone and email contact details are either on the home page or one 'click' away
- avoid fancy extras such as flashy graphics and video, unless they are vital for your type of business
- test the site with as many different systems as you can, especially Windows and Apple Mac computers

As for the content of the site:

- before you begin, decide which sections are most relevant. Many firms focus on sales information, ignoring customer service issues that can save both you and your clients a lot of time by answering commonly asked questions
- do highlight the company's key personnel unless there is a good reason not to. The old adage 'people buy from people' still holds true
- consider adopting the 'blog' (weblog) approach. This is an increasingly popular way of adding regular content that can help attract visitors to your site
- put in key words on important pages on your site to attract searches made from Google and other search engines. Search engine optimisation is a big topic in its own right and you may want to get expert advice on this

The experiences of small businesses in the early days of the web were typified by case studies detailing their success at selling to a wider audience. These were often craft businesses such as speciality bakers and model makers. Nowadays, many of these companies have added an 'e-commerce' dimension to their site that enables them to accept orders by credit or debit card. One of these pioneers is E Botham & Sons, a craft bakery in Whitby, which uses both its website and emails to generate 200 online orders a month – many from abroad.

Many of today's small firms start from scratch as online operations. What sets them apart from those businesses that caught a cold in the 'dotcom' crash of 2000 is their access to low-cost, easy-to-use e-commerce software. Nigel's Eco Store, for example, which started business in 2005 (see case study overleaf), uses software from Actinic, which provides systems that can be hosted remotely or run yourself. The entry level hosted Express product costs £19.99 a month.

Other critical changes include methods of payment and the ability to present your wares in major sites such as eBay and Amazon. Many people prefer to pay using the Paypal system widely used on eBay, and some e-commerce products integrate with Paypal, and there are tools that allow your online store to feed into eBay, Amazon, Google Product Search and other shopping comparison and marketplace sites.

Some small businesses choose to have their only online presence via an auction site such as eBay, but this has drawbacks, including limited customisation, possible negative feedback regardless of your service, and fee charges as well as a percentage take of proceeds.

### CASE STUDY: NIGEL'S ECO STORE

Nigel Berman set up Nigel's Eco Store in March 2005 as an online store selling environmentally friendly products. Initially, he used a web-based shopping cart service for which he paid a fixed rate per month. Then, a national newspaper enquired about his Eco Kettle, which was hard to source at the time, and things took off.

With the rate of growth increasing 40 per cent month on month, Berman found that fulfilling orders became a problem. So he began hosting his own store using an e-commerce package from Actinic. This gave him the ability to link to a warehouse to ship orders, and to his accounts in QuickBooks, which proved to be a big time-saver, as orders don't have to be re-entered.

The site now turns over about £400,000 a year and sells almost 300 products, from £5 razors with handles made of recycled yoghurt pots, to the world's first broadband videophone at £3,500. Along the way Berman got his key pages optimised for search engines. "It had far more impact than the hundreds I'd been forking out on Adwords – the little ads that appear when you do a Google search," he says. "Immediately traffic went up by 30 per cent and within two months sales had doubled."

He outsourced the search engine optimisation process to a local agency, and has also selected a local call centre to pass on callers or take messages. In addition, a fulfilment company now holds all his stock.

And, to address the lack of face-to-face interaction with customers he attends exhibitions and encourages customers to call via a 0800 freephone number.

Finally, a note about web hosting. Many small businesses choose to have their sites hosted for them by internet service providers. It is important to select one that offers a fast, reliable experience for users, and can also advise on how well your site performs. Many people find websites that are slow to load very irritating, and most do not like sites that require special software to

run them (other than the main browser). Your host company should also provide guarantees for security and availability – the site should always be up and running. Also, check how easy it is to scale up for more pages and a higher ‘hit’ rate from visitors.

### mobile and remote working

One of the most exciting benefits of broadband internet in the last few years is its role in enabling people to work more flexibly. Work Wise UK, a not-for-profit initiative that encourages smarter working practices, notes that 11 per cent of UK workers currently use their home as their main base. It believes that this could be extended to 50 per cent of the workforce. The case for improving work-life balance and productivity, and helping to combat climate change, is compelling.

For small firms, broadband in all offices and in people’s homes offers the same access to company information via appropriate network software and a similar high-speed experience (depending on local internet connections). Phone calls can also be made over broadband links, cutting down on conventional call charges.

Some start-up companies operate without a formal office, using people’s homes or business centres instead. Some established companies have abandoned their offices altogether, operating as a virtual business. One such firm, featured in the Work Wise campaign, is SpringBoard4Business ([www.sb4b.com](http://www.sb4b.com)), which itself advises on ‘virtualising’ operations. In 2005, the company took the plunge and left its office. It now links its staff to a web-based information management system.

The availability of low-cost, powerful applications such as online contact management systems makes this especially easy to do and frees companies from having to run their own central server computer.

Access is also possible through public ‘wifi’ hotspots – commonly found at most transport hubs and coffee shops, and which work out of the box with nearly all new notebook computers, personal digital assistants (PDAs) and upscale smartphones.

And broadband has finally made it to the mobile phone networks as an affordable service. You can now take out a high-speed mobile broadband contract for under £10 a month in addition to the voice contract. T-Mobile recently found that many people who are banned from using the internet at work for personal use are now turning to their mobile in comfort breaks, suggesting a sensible personal use policy may keep people at their desks.

The much hyped BlackBerry mobile email smartphone, where emails appear automatically on the handheld device, is rightly popular and you can now run a small number of BlackBerrys using the same features as larger businesses. The trend to servicing email on the move – and also managing and sharing contacts and information with colleagues – will only accelerate.

### in the office

All companies should look at what they can do to maximise their office-based computing, especially the applications that work with the internet. However, a whistle-stop tour of the core applications could include the following:

- if you use a small office accounts package such as QuickBooks, bear in mind features such as the ability to send invoices by email and download bank transaction data
- Microsoft's Office suite has recently undergone a major revision (as has its underlying Windows system – the business versions of Vista have some new internet features such as remote access). The core Office product is Outlook, which is much more than just an email program and can be used as a contact manager that can be shared among a group of users. You can also synchronise contact information with notebook computers and smartphones
- if you have bought Microsoft's Office Small Business suite, you also get Business Contact Manager, into which you can copy all your existing contacts and carry out activities such as adding and tracking customer history, producing reports and setting up email marketing campaigns. Again, this data can be shared among team members
- when you have a small team, make the most of applications such as Business Contact Manager by using one computer as a central server to run the Small Business Server system. This will also give you access to shared calendars – so people know where you are – and a proper company email system, which you can access remotely
- for those not wanting to buy a server – perhaps because they've gone down the 'virtual company' route – all office functions can be replicated by using a service provider (such as your main

internet provider) that hosts applications such as Microsoft's email server software. Microsoft itself has introduced an offering called Office Live!, which gives you website, email accounts, calendar and contact manager and more, with functions according to a monthly fee

- an increasing number of software vendors are providing 'software as a service', which is the name now given to hosted applications

There are competitors to Microsoft's software, including so-called 'open source' products. While these are mostly free, they do not offer the same level of support. Apple's Macintosh, meanwhile, offers probably the most powerful, robust and fun personal computer, and also runs the Microsoft Office products, as well as a range of Mac-specific applications.

One of the widely used capabilities of business broadband is simply the ability to send large files to other people as email attachments, or by other methods, such as 'peer to peer' networking and direct access to file servers. It is surprising how large a word processing file can grow when images and graphics are added. And, it is an inexorable feature of computing that while things get faster, they also get bigger.

An important underlying point is that nearly all software and updates are delivered over the internet these days. If you are not permanently connected, you could be missing out on important upgrades and fixes, such as for security threats. With broadband, you can set these updates to download automatically and fast for most software packages.

# more applications

A broadband internet connection can now be used for much more than email and browsing the web. Many people are already watching videos and live events via the internet, and its position as a multimedia platform – competing with TV – is now a given.

## voice over IP

Most small businesses do not have the resources to exploit multimedia capabilities, but one that is being taken up is the ability to make voice telephone calls over a broadband link, bypassing the conventional telephone system. This is known by an unavoidable abbreviation, VOIP, or voice over internet protocol, and it is also at the heart of a trend to so-called convergence, in which data and voice travel on the same network, and also integrate with each other.

The ‘headline’ features of VOIP are:

- unbilled telephone calls to any country for a low-cost fixed monthly fee, depending on provider. (Skype and Vonage are two well-known providers used by many consumers)
- a simple way to add an extra telephone connection – it works on your broadband link in addition to the conventional line

- free and secure telephone calls between your offices and home workers if you run what's called a virtual private network. This can also carry your data traffic. VOIP (and convergence) is especially useful for firms with more than one location
- features such as voicemail, call diversion and three-way calling are usually free with VOIP providers. Furthermore, you can more easily implement powerful, customer friendly services such as automatically routing calls to the right staff member, and integrating an incoming call with contact management software

However, there are drawbacks to using VOIP. Using an external provider for all your voice calls could leave you vulnerable. If its network goes down, for example, or if you have a local power cut, you could be left without a line. So, it's best to keep the standard landline voice contract live and also have a mobile handy.

### unified and instant messaging

Another application is unified messaging, which enables users to have a central inbox for different types of communications, in particular email and voicemail. This is another type of convergence that can be implemented either on an office system or by using a service provider. You can also integrate fax and SMS, and have emails read out to you, and there is even capacity now for voicemails to be turned into emails.

Instant messaging is popular with children and young people but is also good for business. It allows you to see who of your friends and contacts are online, so you can send live messages.

## web conferencing

Another very powerful class of multimedia application is conferencing. Videoconferencing over broadband is now well within the reach of the small firm. However, perhaps the most useful service is web conferencing. This is available from several companies and allows you to conduct a presentation over the internet to prospects, customers or your own staff. You control the remote screens, with audio either through the same link or over a separate audioconference. It is also the basis of the now popular 'webinar', in which presenters can conduct seminars that can reach many people over the internet.

Web conferencing services vary greatly, both in their features and price. You benefit because:

- you can tailor your presentation to your client's schedule. Often, people want a concise initial demonstration and it can be very expensive to travel to such a first meeting, especially abroad
- a web presentation can be much more than a set of PowerPoint slides. For example, it could include video clips of customer testimonials, or a live calculation of a business benefit
- features offered by conference providers include a 'whiteboard' for annotations, and application sharing, which enables a remote viewer to, say, take control of the presenter's spreadsheet. Also, recordings can be made of the presentation, which can be used for sales training

Another application is remote monitoring – CCTV over a broadband link. This can be used to monitor an office where expensive stores are held, or to keep tabs on a customer installation.

## online communities and business networking

Social networking sites such as Facebook have taken the internet by storm, indicating just how much people value wider interaction with others in their personal lives and in business. However, use of such services is by no means purely for fun. Facebook now has a burgeoning number of mainly young business people on board.

Indeed, this type of internet site was founded for business use – LinkedIn, Xing and many smaller networking sites have been running for several years. There are also a number of UK-specific small business offerings. David Regler ([davidregler.com](http://davidregler.com)), a sales consultant and expert on using social networking sites in business, has the following tips:

- upload your contacts. LinkedIn and others have tools for uploading your contacts to see who you already know on the site. The sites have very strict privacy policies and your contacts are not shared with anyone. Once you've found contacts you already know on the site, invite them to connect with you. That's really why everyone is there
- complete a full profile. Adding companies that you have worked at, as well as the college you attended, is about more than simply filling out an online CV. The more complete your profile, the easier it is for ex-colleagues to find you and connect
- get endorsed. Once you've uploaded your contacts and started connecting with the people that you know, it's time to add some credibility. LinkedIn has the ability for you to request an

endorsement from customers, managers and people who know you. Endorsements, particularly by customers, add credibility and play a large part in whether they accept or decline

- join groups. Online groups are excellent for gathering data about markets, trends and opportunities. They also provide a platform to promote yourself as an expert in your particular field
- don't spam. Spam has always been a part of online communities. Sending boilerplate messages or joining a group and posting, 'Anyone interested in buying my widgets?', will position you right at the bottom of the food chain. It's simple: don't do it

## red tape, banking and trading networks

Small businesses that struggle to stay on track with red tape will discover how much easier it has become to comply with statutory duties by filing online with government websites. This is especially true for limited companies.

The main site is HM Revenue and Customs where corporation tax, PAYE and other returns can be filed online (and, indeed, there have been financial incentives to do so). VAT can also now be filed online. However, bear in mind that the registration processes are rather long-winded for security reasons.

Companies House is also online for filing annual returns and changes in details such as new directors and shareholdings. It is cheaper to file returns online than to use the post, and is a more secure method.

It is also worth looking at sites such as Business Link for advice on small company issues. Business Link includes tools such as an online health and safety checklist.

All the main UK banks now offer online business banking. This can be invaluable for checking cash flow, as many suppliers prefer to pay by bank transfer. You also need not wait until monthly statements arrive to find out if you have been paid or not. And, you can download bank statements to your accounting package, set up direct debits, integrate with business credit cards, and so on. Some banks offer a higher level of security for their business customers than for consumers. HSBC, for example, gives out a special number generator that has to be used to activate a log in.

'E-banking' is now a very popular application for small businesses. So is buying supplies online, since it is often cheaper to buy items such as stationery on the internet, and you can do it at a time that suits you.

Supply chain management is a major topic. Smaller companies are being asked to participate in the electronic trading systems of larger organisations, both in the private and public sectors. Many supply chain issues are specific to companies in the manufacturing and retail sectors. However, there are a growing number of electronic procurement sites, which are dedicated to, say, the public sector, where you can become a preferred supplier. Also consider third-party sites that advertise and manage tenders.

It is impossible to be prescriptive here. However, one certainty is that many small businesses could be missing out on business opportunities without accessing relevant sites and trading networks over the internet.

# the nuts and bolts

New computer technology in the workplace should make your life easier. However, as IT consultancy Ramsac reports, 61 per cent of business owners with responsibility for IT in their workplace cite it as either 'more stressful' or 'much more stressful' than other day-to-day aspects of management. Much of the stress comes from the increasing importance of computing and the internet. Nearly 90 per cent of those surveyed consider short-term IT failure as a serious pain or even a disaster.

Ramsac also highlights that, by contrast, those that get help – by outsourcing their IT to specialist, for example – report little stress. The moral, then, is to look for as much ongoing support as possible when implementing IT, including communications technology.

## internet service providers

Without an internet service provider (ISP) there is no connection to the internet. But not all ISP offerings are the same, and many make their pitch mainly to the consumer market. It pays to choose a provider that caters for small businesses, and to look carefully at the criteria that are especially applicable to business use. These criteria can be summarised as follows:

- business-level support – this is key, as access to the internet is a 'mission critical' service, or quickly becomes one. Assess support on the availability

of technical and administrative personnel, the times when lines are open, whether they are based in the UK, and whether calls are free. Good support is particularly crucial for small companies, as many do not have dedicated internal IT people

- service level – when you are on the internet you share local capacity with other users. A business-grade service cuts the number of other companies you have to share with, and you can also look for a service-level agreement where the provider agrees to keep you up and running for a little under 100 per cent of the time
- speed is an important criterion, especially if you regularly send and receive large files by email, or need to download big files from a client's server. It also improves the web browsing experience, as web pages are on average being built with more and more graphical material. A faster speed also provides more capacity for a group of users sharing a connection. Note that download speeds on ADSL (asynchronous digital subscriber line, the most widely used technology) and cable internet connections are usually much faster than upload speeds. However, if uploading is important, some providers offer faster speeds than others
- static IP – this means that you have a fixed internet address so that you can access your central office server remotely, and also run a mail server. Some providers include this as part of their package without an extra charge

### CASE STUDY: CLARKES CATERERS

Mark Clarke had extensive experience working at The Ritz and Dorchester hotels before setting up Clarkes Caterers, which provides fine dining, party and contract catering services. Over 17 years, Clarke has built his business up to employing 40 staff catering to big players in the public and private sectors as well as discerning private clients.

The head office in Walthamstow is the nerve centre of the business, with employees managing sales, finance and online ordering, with the help of a business broadband package from UK Online. With 75 per cent of the business now dedicated to contract catering for clients such as the London Borough of Waltham Forest – for which Clarkes organises over 15 buffets a day alone – broadband has been vital for administering online ordering and underpinning communication with customers.

Clarke comments: “I make it my business to deliver a prompt, personal service and that includes making sure I see my clients regularly and maintaining relationships. Broadband is key to ensuring that I don’t have to worry about everyday communication and online ordering – leaving me and my team to provide the personal service.” He adds: “If we did not have first-class broadband, we wouldn’t be able to manage the 500 emails and website enquiries we receive each week, which range from online orders to general enquiries.”

Prior to broadband, Clarkes was using dial up email, which was “slow and cost a fortune”. An added benefit is that the company now has Clarkes Caterer business email addresses, which they did not have before.

Above all, broadband allows the company to achieve a one-hour response time for corporate orders, and a 50 per cent increase in employee productivity. “You can see why broadband is so critical when we have such high standards such as the one-hour response agreement, where we guarantee to deliver a buffet for up to 50 people in that time. Broadband supports the online ordering for this fast service and it’s a key differentiator that our competitors cannot get close to.”

### WHAT IS HOSTED EMAIL?

- hosted email means that while a company has a server for sending and receiving company email at all times, it does not need a costly office computer and software or any IT know-how to run it. Instead, for a small fee, your internet service provider will run it for you
- the key email server product is Microsoft Exchange, which is the standard offering used by large companies to run their email systems. Hosted Exchange gives you the same capability, including contacts and calendar, for a fraction of the price
- a hosted system also gives you easy access from any location and a secure, backed up service. Using consumer email is much less secure, as once you have downloaded email from your internet provider it is your responsibility. (And, if you also leave it on the remote provider's system, the 'inbox' may get full quickly)

Useful extras to look for in a business package also include a starter website. Typically, this will comprise a few web pages, hosted email (see box above) and a business-grade network router.

You should also ask for help in registering your company name as the 'domain name' for your website and email addresses if you have not done so. If your firm's name has been taken for domains ending in .com or .co.uk, which is highly likely, look at signing up for alternatives. Options to consider are .net or perhaps .eu (European Union), which was launched this year, and may be helpful in doing business on the Continent.

Note that BT, which is responsible for local telephone exchanges, now reports that nearly all are enabled for DSL broadband technology, which runs on normal telephone lines. (Cable, by contrast, is only available

at less than half of premises, and often bypasses sites such as business centres.) This means you should be able to sign up for your choice of ADSL provider at nearly all locations, although there could be limitations on lines that are some distance from the exchange.

Switching broadband supplier is now a lot easier after a recent Ofcom rule that the MAC (migration authorisation code), which identifies your broadband line, must be released free of charge by the incumbent.

### security

The freedom of the internet comes at a price since there are many threats to personal and business data posed by a vast number of malicious hackers operating around the world. The usability of the internet is also threatened by the tidal wave of email 'spam'. This means good security is vital when you are on the internet. However, small firms are the most likely not to have implemented straightforward means to protect themselves.

- it may seem like overkill, but even a small firm should establish an 'acceptable use' policy for staff using the internet that sets out what personal use (if any) is permitted and specifies restrictions on downloading potentially dangerous material. Your own staff pose a substantial level of danger to your data, either wittingly or unwittingly
- installing anti-virus software is a standard way to protect computers connected to the internet. This updates itself frequently online to counter the latest threats and performs regular scans of computer disks to eliminate infections. Most

security offerings now come as a suite with other functions such as a firewall. They also cover other threats such as spyware, filtering out email spam and blocking access to sites containing offensive material. You can also outsource email filtering, so you get a relatively spam-free feed delivered to your business

- installing a router will also better enable security. This sits between the internet connection and a network of computers and acts as an extra firewall between outside threats and your computers. It offers a much higher level of security than the 'software firewall' that you can install on a PC. The router can also be set up to block certain applications, such as instant messaging

Security also means backing up your information. Here again, the internet comes into its own as you can run a regular backup to a managed services provider, or indeed just send copies to another computer at your home or another office. A backup that is just done to a disk or tape and kept in the same office is not secure, as both copies could be destroyed by fire or stolen.

### local networking

One broadband connection can be shared with a large number of people in an office. As long as everyone is not downloading large files all at once, people are unlikely to notice any speed problems when sharing a line in this way.

Networking is enabled very easily with a router – a device that distributes incoming and outgoing traffic between your computers and the internet. You can buy

many types of router and, as with the broadband line, it is worth looking at a business grade product rather than one that is aimed at the consumer market. These provide extra security features and facilities, such as a virtual private network (VPN) for linking to home users. A VPN allows you to set up a secure way for home and mobile users to access your network over the internet.

One choice you will need to make is whether to buy a wireless router – this means you can eliminate cables between the router and the computers, as long as the latter have a wireless card or capability installed. You can also connect to it using cables if, say, you want to run a connection upstairs or to a point where the wireless signal is not strong. Or you can add a wireless access point at the end of a wired portion.

It sounds complicated but today's networking products work more or less out of the box. One advantage of having wireless is that anyone with a notebook computer or smartphone can use it on the internet anywhere in the office without needing a dedicated desk, and you can also offer the connection to clients and partners when they are on your premises.

While the router gives you a basic network – you can share printers and access data on other computers – you will need a dedicated server if you want to run a company email system and make full use of applications such as Microsoft's Exchange email software.

You can also sign up to internet providers to host applications such as Exchange to give you the same functionality without needing a dedicated office server.

And, if you want to get right up to date and run a combined voice and data network, you can choose from

a wide range of low-cost systems, including software-only internet telephony (eg. from Swyx), which runs on your server and adds the benefits outlined in the section on voice over IP. Or, you can even just buy intelligent phones that plug straight into your network, as with Avaya's Quick Edition.

There is a huge choice of such systems now and you can really go to town on your broadband connection – but much will depend on finding a local, small business system specialist to advise. Time to use the internet...

# jargon buster

bandwidth – connection speed of the internet link

blog – an online diary

broadband – an always on, high speed internet connection

browser – software that allows you to visit websites

contention ratio – a measure of the number of subscribers sharing local internet capacity

dial up – a slow internet connection made over the conventional telephone system

domain name – a website name (eg google.co.uk – ‘co.uk’ is the suffix)

DSL (digital subscriber line) – the technology that runs an internet link over a conventional telephone line.

ADSL – where A stands for asynchronous – is the main offering and allows faster downloading than uploading

firewall – a security wall that blocks intruders from accessing a computer or network

host – a company that hosts applications remotely, such as your website or email server

hotspot – a public wireless communications point

instant messaging – live, online chat with typed messages

internet – the network of networks that connects computers worldwide

IP (internet Protocol) – computing term for the communications method used on the internet

ISP (internet service provider) – a company that provides access to the internet

local area network (LAN) – a network of computers in an office or other location

MAC (migration authorisation code) – a code that identifies your line to enable you to switch broadband providers

router – a device that channels internet traffic to a network of computers

search engine – a website such as Google from which searches of web pages can be made

server – a computer that performs central tasks, such as collecting and distributing email

virtual private network (VPN) – a way of establishing a secure private network over the public internet

VOIP (voice over IP) – transmitting voice telephone calls over the internet, on private office networks and on the public telephone system

web (or World Wide Web) – the global network of websites

WiFi – wireless communication without cables, which can be in the office or at public ‘hotspots’

# further help

Most grant schemes that help businesses to obtain broadband in rural areas have closed. However, it is worth contacting local and regional development agencies as other sources of help, such as from the European Union, may be available.

Broadband-Help ([broadband-help.com](http://broadband-help.com)) – help, reviews and forum

Broadband Stakeholder Group ([broadbanduk.org](http://broadbanduk.org)) – forum for strategic national broadband issues

Broadband Watchdog ([broadbandwatchdog.co.uk](http://broadbandwatchdog.co.uk)) – provider listings and comparisons

Business Link ([businesslink.gov.uk](http://businesslink.gov.uk)) – guidance and links on small business issues, including IT

Community Broadband Network ([broadband-uk.coop](http://broadband-uk.coop)) – networking site for local projects

DirectGov ([direct.gov.uk](http://direct.gov.uk)) – gateway site to online government services

Information Commissioner ([ico.gov.uk](http://ico.gov.uk)) – data protection regulations and information

LeadSure ([leadsure.co.uk](http://leadsure.co.uk)) – a subscription service that offers access to a range of IT and business development advice

Microsoft ([microsoft.com/uk/smallbusiness](http://microsoft.com/uk/smallbusiness)) – small business technology advice site

Ofcom ([ofcom.org.uk](http://ofcom.org.uk)) – communications regulator

Opportunity Wales ([opportunitywales.co.uk](http://opportunitywales.co.uk)) –  
e-commerce and internet advice

SmallBizPod ([smallbizpod.co.uk](http://smallbizpod.co.uk)) – blogs and podcasts  
for small business owners

Smallbusiness.co.uk – all-round small business advice  
site, including technology

Technology Enterprise Kent ([technologyenterprise.co.uk](http://technologyenterprise.co.uk))  
– regional advice network for SMEs. Similar initiatives  
exist in other regions

Technology Means Business ([tmb.org.uk](http://tmb.org.uk)) –  
accreditation site for SME technology advisers.  
Includes listing of regional advisers

Telecoms Advice ([telecomsAdvice.org.uk](http://telecomsAdvice.org.uk)) – phone  
and internet advice site for small firms

The Small Business Blog ([sme-blog.com](http://sme-blog.com)) – popular  
all-round discussion and advice site

Thinkbroadband.com – UK broadband news and  
information

Work Wise UK ([workwiseuk.org](http://workwiseuk.org)) – campaign on  
smarter working practices

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