



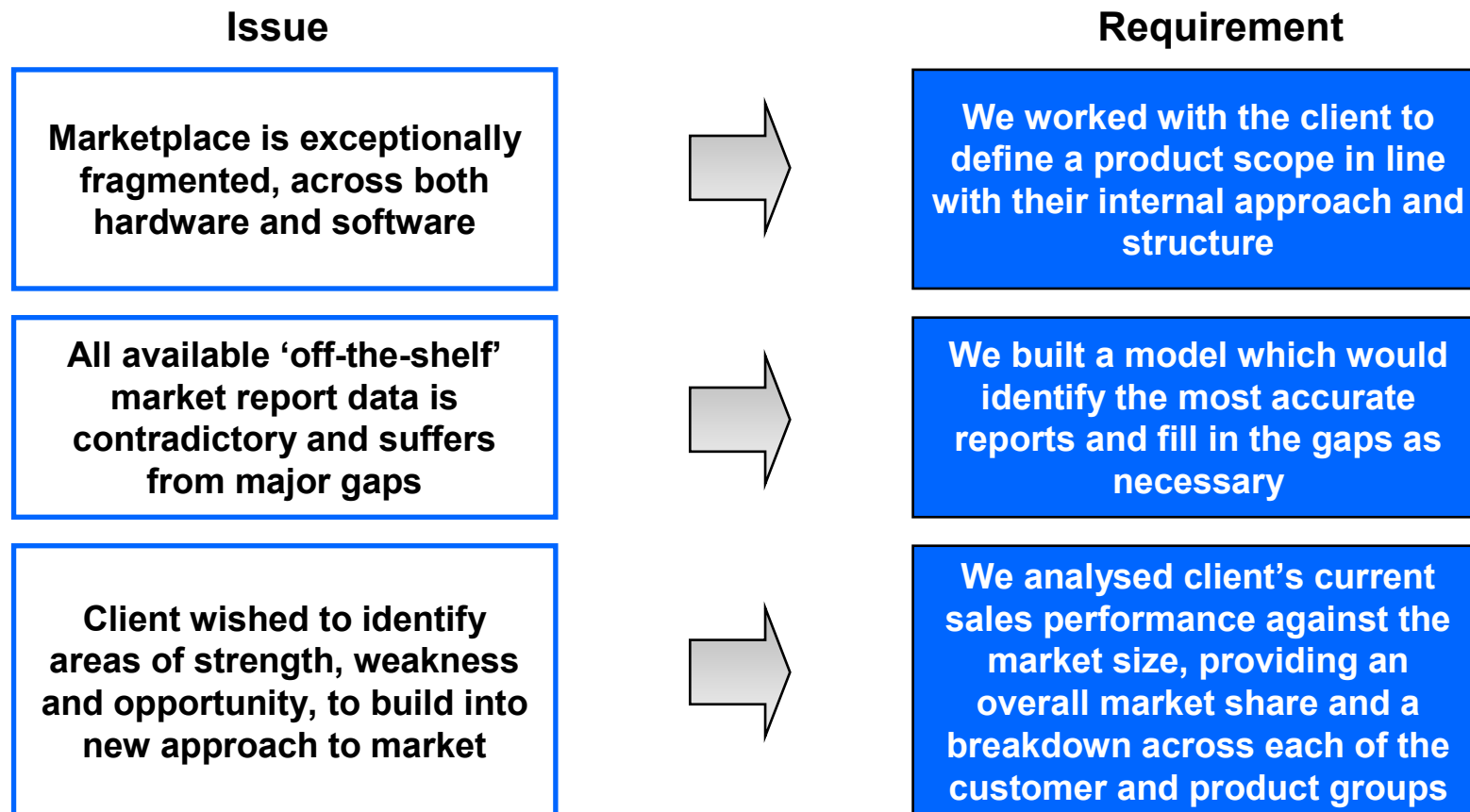
**Case Study:**  
**Market Sizing in SME ICT**

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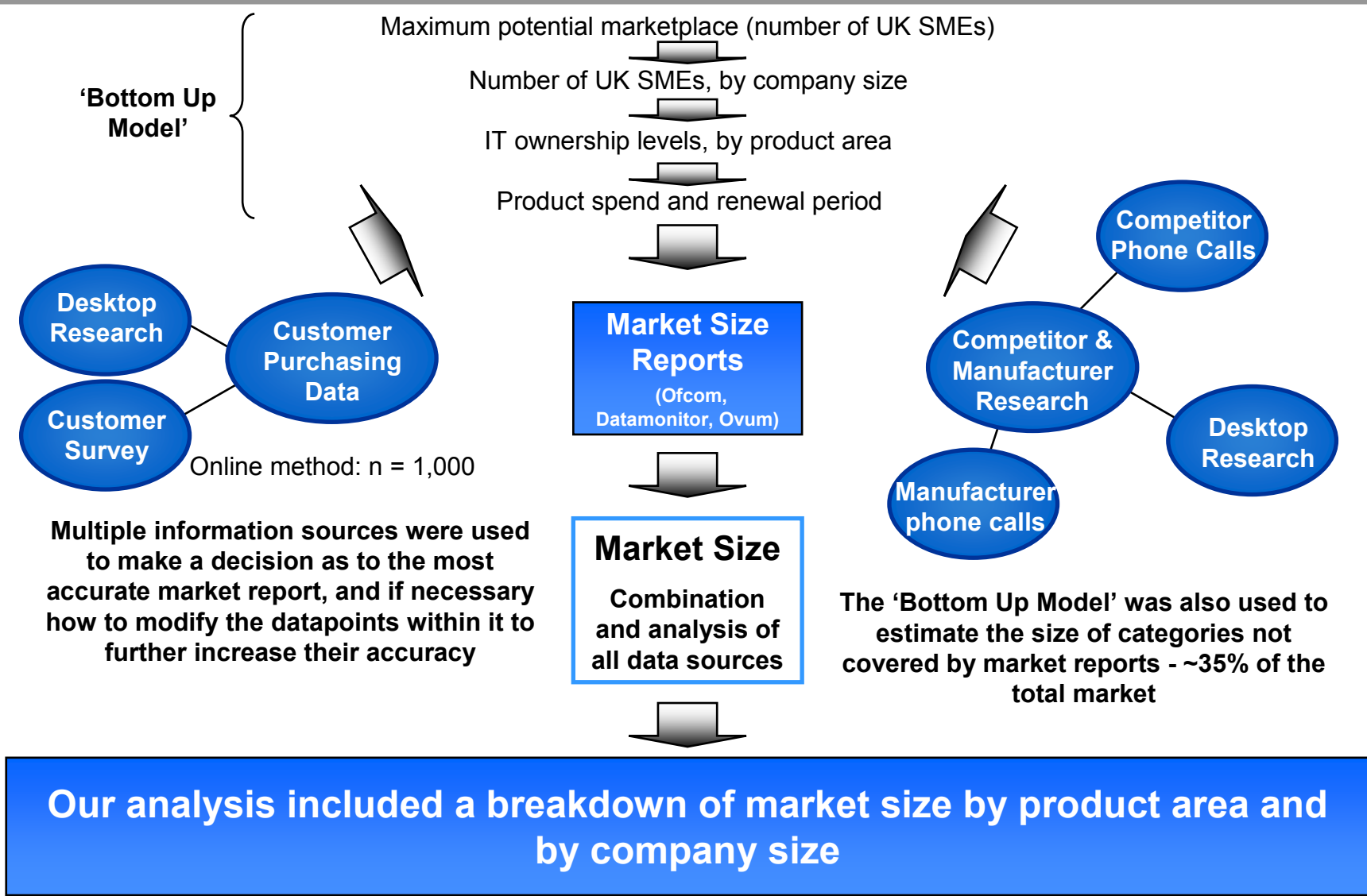
## Case study: UK SME ICT market size analysis for a Global IT services provider...

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Our client wished to gain visibility of areas of relative strength and weakness across customer groups and product areas, and required full market size and share analysis to achieve this:



# Our approach was based on using a wide range of market data to build the most accurate analysis possible...



## Central to project success was the development of an appropriate market size model which could be driven by customer research...

- 1 We identified relevant and obtainable company size ‘backbone’ data and divided the UK market into sub-groups for market size analysis
  - Key = ensuring the market was divided into groups which were relevant to client and are aligned with their sales data
- 2 We then developed measures which allowed market size to be calculated against the backbone data
- 3 A questionnaire was then written and deployed to populate model for each product

The model divided the UK into 9 company size groups and estimated purchasing levels within each group relating to each product:

### Sole Traders, Networking:

LAN Spend/ Yr	£xx.x
LAN Uptake	x%
Approx. Average LAN Spend/ Yr	£x.x
WLAN Spend/ Yr	£xx.x
WLAN Uptake	x%
Approx. Average WLAN Spend/ Yr	£x.x
WAN Spend/ Yr	£x.x
WAN Uptake	x%
Approx. Average WAN Spend/ Yr	£xx.x

VPN Spend/ Yr	£x.x
VPN Uptake	x%
Approx. Average VPN Spend/ Yr	£x
Approx. Average Total Spend/ Yr	£x.x
Number of companies in UK	3,169,370
<b>Total Spend</b>	<b>£xxx,xxx,xxx</b>

Total Spend = average company spend x number of companies in UK

- 4 Totals were then aggregated to calculate market size & share

## We also analysed customer purchasing behaviour, spend levels and decision making structures...

Company size	Number in UK	Approx. Average IT Spend	Total Segment Spend
No employees	1,500,000	£x,xxx	£x,xxx,xxx,xxx
1-4	808,525	£x,xxx	£x,xxx,xxx,xxx
5-9	218,680	£x,xxx	£x,xxx,xxx,xxx
10-19	111,070	£xx,xxx	£x,xxx,xxx,xxx
20-49	59,670	£xx,xxx	£x,xxx,xxx,xxx
50-99	18,115	£xx,xxx	£xxx,xxx,xxx
100-199	8,875	£xxx,xxx	£xxx,xxx,xxx
200-249	1,830	£xxx,xxx	£xxx,xxx,xxx
250-499	3,735	£xxx,xxx	£x,xxx,xxx,xxx
<b>TOTAL SME MARKET</b>	<b>2,730,500</b>		<b>£x,xxx,xxx,xxx</b>

- Client wished to refine its targeting strategy – analysis of customer spend demonstrated that the mass market is with companies of <50 employees
  - Accounts for 99% of UK SMEs by number
  - Accounts for ~75% of SME ICT spend

Sources: Small Business Service Analytical Unit and White Space analysis model

- **The purchasing decision making unit for SME ICT generally consists of directors, IT staff and end users**
  - 93% of our respondents stated that a director would have the dominant role in the purchasing decision for SME ICT
  - The influence of IT departments increases as companies increase in size, and end users play a role by raising awareness of products or by providing positive feedback on any trial deployment (especially significant for new technology products such as mobile data)
  - SMEs with <50 employees may outsource IT or place it under the responsibility of a general office manager

**We recommended building a new proposition around the needs of SMEs with <50 staff, marketing aggressively to directors but also building in messages appropriate to IT and end user groups**