

# Going digital, going global

How digital skills can help any business trade internationally

Mark Garnier MP / **Nick Williams** / Helen Milner OBE / **Dr Jo Twist OBE**



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*Cover image*  
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The paper in this magazine originates from timber that is sourced from sustainable forests, responsibly managed to strict environmental, social and economic standards. The manufacturing mills have both FSC and PEFC certification and also ISO9001 and ISO14001 accreditation.

First published as a supplement to the *New Statesman* of 21 April 2017.  
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This supplement and other policy reports can be downloaded from the NS website at: [newstatesman.com/page/supplements](http://newstatesman.com/page/supplements)

# A global marketplace

The internet represents exporting's biggest and brightest opportunity, writes **Mark Garnier MP**, Minister for International Trade



**T**he advent of the internet age has made the whole world a single marketplace. Selling goods online through digital means offers British businesses huge opportunities for international growth.

The UK was one of the earliest adopters of online retail platforms, and UK online sales revenues are growing at around 20 per cent each year, not just driving wider economic growth, but promoting the British brand to an enthusiastic audience.

Global e-commerce turnover grew at a similar rate in 2014-15 to over \$2.2trln. The Asia-Pacific region, for example, is embracing e-marketplaces with 28 per cent growth in 2015 to over \$1trln of sales. This demonstrates the massive opportunities for UK exporters to sell their goods more easily to the world's largest consumer markets.

My department, the Department for International Trade, is committed to being a leader in promoting these opportunities. We are supporting UK businesses in identifying these markets, and are providing access to services and support to exploit this dramatic growth in digital commerce.

With the UK leading innovation, it is one of the responsibilities of government to demonstrate just what can be done. My department is investing more in digital services to reach and support many more businesses, and last November we launched our new digital trade hub: [www.great.gov.uk](http://www.great.gov.uk).

Working with partners such as Lloyds Banking Group, the new site will make it easier for UK businesses to access

overseas business opportunities and to take those first steps to exporting.

The 'Selling Online Overseas Tool' within the hub was launched in collaboration with 37 e-marketplaces including Amazon and Rakuten, who collectively represent over 2bn online consumers across the globe.

The first government service of its kind, the tool allows UK exporters to apply to some of the world's leading overseas e-marketplaces in order to sell their products to customers they otherwise would not have reached. Companies can also access thousands of pounds' worth of discounts, including waived commission and special marketing packages, created exclusively for Department for International Trade clients and the e-exporting programme team plans to deliver additional online promotions with some of the world's leading e-marketplaces across priority markets.

We are also working with over 50 private sector partners to promote our Exporting is GREAT campaign, and to support the development and launch of our digital trade platform. The government's Exporting is GREAT campaign is targeting potential partners across the world as our export trade hub launches in key international markets to open direct export opportunities for UK businesses. Overseas buyers will now be able to access our new 'Find a Supplier' service on the website which will match them with exporters across the UK who have created profiles and will be able to meet their needs.

With Lloyds in particular we are pleased that our partnership last year helped over 6,000 UK businesses to start trading overseas, and are proud of our association with the International Trade Portal.

Digital marketplaces have revolutionised retail in the UK, and are now connecting consumers across the world. UK businesses need to seize this opportunity to offer their products to potentially billions of buyers and we, along with partners like Lloyds, will do all we can to help them do just that.

# Smaller businesses deserve bigger ideas

**SMEs form the backbone of the UK economy and need our support in the digital shift, writes [Nick Williams](#), Managing Director of Consumer and Commercial Digital at Lloyds Banking Group**

**I**t was an absolute privilege to participate in this recent roundtable event and have the opportunity to discuss the importance of digital skills for SMEs and their ability to trade overseas. The Lloyds Bank 2016 Business Digital Index found that only one in five small businesses use digital technology to support their trade abroad, representing the stark need for change.

The Index also shows that 38 per cent of SMEs don't have the basic digital skills needed to make the most of the internet – skills such as communicating and transacting online. What's more, this figure rises to 50 per cent among sole traders.

Digital skills are increasingly important to our smaller businesses, particularly as their local market isn't necessarily very local anymore. Customers are online and expect businesses to be there too. This is as much an opportunity as it is a challenge. Businesses can branch out far more easily by using digital technology and can open up new market opportunities they may not have had access to before.

We know from the Business Digital Index that having digital skills isn't just a

good thing – it offers tangible value to organisations. The most digital small businesses are twice as likely to increase their turnover as the least digital organisations. Not only that, the cost saving and time saving benefits can be crucial, especially to the smallest businesses. The Index also shows an increase in the use of social media for business purposes, at the same time as a small decline in those offering a website. This would suggest that organisations are looking for less costly, less time and labour-intensive ways to reach their customers.

Another perspective for businesses to consider is the increasing digitisation of government services, which may explain the surge in gov.uk usage found in the Business Digital Index, rising from 57 per cent to 79 per cent in a year. Overall, there is clearly a strong case to say that those who aren't adopting digital technologies really are missing out.

This equally applies to doing business beyond the UK. We know how crucial SMEs are to the UK economy; we also know that being able to trade overseas will be vital to encouraging their growth, especially in light of the anticipated





Businesses use digital  
trade overseas



**“The local  
market isn’t  
very local  
anymore”**

changes following Brexit. Again turning to the Business Digital Index, qualitative insight found that organisations were using digital skills to be more efficient in their overseas activity. Interestingly, many smaller businesses were first turning to third party sites as their first foray into expanding abroad. This reflects the trend of using social media as it represents a relatively low-risk investment, something even more critical for small businesses. It also shows that trading internationally is possible for any business, regardless of size.

Lloyds Banking Group is committed to supporting its SMEs, through the International Trade Portal and also as part of a partnership with Google Digital Garages and our Helping Britain Prosper pledge to provide face-to-face digital skills support for small businesses, charities and individuals.

The International Trade Portal was developed with the Department of Trade and Exporting is GREAT to provide all SMEs with an easy-to-access platform to explore opportunities for trading overseas. The research undertaken as part of creating the portal found that businesses are easily put off by what they assume will be complicated bureaucracy and a lot of ‘unknowns’. The portal removes this fear and offers clear, simple information on how to trade

internationally, whether businesses are looking to import or export.

What is also beneficial are the real-time tender opportunities – around 3,000 online at any one time and updated each week – so it’s not just an information portal but offers real prospects for organisations.

In 2016, we partnered with Google to deliver a series of Digital Garages across the UK. This provided face-to-face workshops for more than 1,300 small businesses and charities, helping them learn some basic digital skills, including online marketing. This will continue throughout 2017, with a further 2,000 organisations to be trained across the UK. Our Helping Britain Prosper pledge is also important for our smaller businesses. With more than 24,000 of our colleagues pledging to be a ‘digital champion’, we’re able to provide help and signposting to these organisations. This is particularly important as so many small businesses prefer to use more ‘informal’ routes of support.

Whilst we don’t yet know the full extent of the changes which Brexit will bring, what is certain is that ensuring our UK businesses have the right digital skills to succeed, at home and abroad, is crucial – for them and for the UK.



The most digital small businesses are twice as likely to report an increase in turnover than the least digital

# SME insights: go digital, go global

Just one in five small businesses use digital to support their trade overseas. As Brexit draws UK exports into focus, the *New Statesman* asked a panel of experts what needs to change?

The inevitability of the world's digital shift is something we all seem to acknowledge in the United Kingdom; so why, then, do so few embrace it? Those that have stand to reap the benefits of international connectivity, technology and a new wave of social discourse, but too many stand to miss out. In some cases, this is down to a fear of the unknown; in others, perhaps more commonly, this is because digital skills are in short supply. Neither instance, of course, is desirable; and assigning a solution to the UK's digital caginess was the order of the day at a *New Statesman* roundtable event in partnership with Lloyds Banking Group at Portcullis House.

Small and medium-sized enterprises (SMEs) form the backbone of our country's economy, but Lloyds' research undertaken as part of the Business Digital Index 2016 found that just one in five small businesses use digital to support their trade overseas. **Gareth Oakley**, Managing Director of SME Banking at Lloyds Banking Group, rued these missed opportunities. He said: "Encouraging businesses to export internationally is really important to us. The fortunes of Lloyds Banking Group are very much aligned to the overall UK economy. There are an awful lot of SMEs that don't trade internationally; they can be put off, they find it confusing and don't know where to go to get that information. We would like to clear that fog and get them the root training they need to succeed on the international stage."

While digitalisation has succeeded on purely technological levels – smartphones have replaced the bricks from before – **Chris Francis**, Director of Government Relations at SAP, pointed out: "We seem to be missing a trick in terms of business-to-business. We've seen the success that digital has had to streamline other aspects of our lives, but the UK is lagging behind when it

comes to integrating this technology into how we do business. There are difficulties with scale up and meeting an increased demand."

Indeed, if technology has already enhanced and streamlined the lives of potential consumers in one breath, why shouldn't it in another? **Nick Williams**, Managing Director of Consumer and Commercial Digital at Lloyds Banking Group, added: "You may not be online but your customers are, and your competitors are. It's about opening eyes to an audience away from the local market. It's about being able to compete on a grander stage and making those opportunities available. We need to introduce analytics. Older, more established businesses find it harder to adapt because they can't see why they need it."

Williams followed this up with an example: "There was a butcher in Bury and he traded in Bury market by himself and he was struggling. His daughter asked: 'Why don't you put an advert on Facebook?' But he had no idea how to do it. When he did, in the first week, he got 7,000 likes which boosted the business and that was great; but he ran into supply chain issues because he didn't know how to distribute his product across the UK quickly enough." Williams' case study dually demonstrated the immediate potential of digital but also forewarned what could happen without having the right business plans in place.

The UK's decision to leave the European Union will redraw the fault lines of international economics. Brexit, according to Minister for International Trade **Mark Garnier**, has exacerbated the need to "demystify this concept of taking a product overseas and explain what it means to be an exporter". The MP for Wyre Forest continued: "There seems to be this perception that they [SMEs] are going to run into a raft of problems and they don't know what they're going to get. It's the idea that it's an awful lot



Alina Dimofte, Public Policy and Government Relations Manager at Google, said that the internet has given rise to a flourishing microbusiness scene



**“You may not be online but your customers and competitors are”**

of work to do with a lot of forms to fill in. I don't think we're necessarily marketing it in the right way. We reckon that businesses that are exporting are three times more profitable and seven times more resilient. What we need to do is normalise this shift to digital. It's jarring to think that the UK is one of the smallest exporters in Europe.”

Spook stories about high tariffs and intense bureaucracy, though, can't be the only barrier towards international trade, can it? **Helen Milner**, CEO at Good Things Foundation, a charity committed to improving digital inclusion, suggested that digitalisation, in its rapidity, had discriminated against older generations. She clarified: “We could be overestimating the digital skills of the SME sector. A significant amount of the adult population genuinely can't use the internet. I think so few SMEs really understand how to embed digital

into their business. We talk about skills, but I would rather talk about confidence. There are few people running SMEs that actually understand how digital is going to influence every aspect of their business – for example their communications, internally and externally.”

Milner went on to correlate the relationship between income and level of tech-awareness. “Sixty-seven per cent of the adult population have got a smartphone, but crucially, that's not everybody. If you have low educational attainment and a low income, you're unlikely to have high digital skills. We've done some research and realised there's a huge parallel between the social group of someone and what they do on the internet. The people who are glued to their smartphones may very well only use two or three websites. We take it for granted that we'll go on the internet and

work out how to do something, but plenty of people don't have the confidence to do that. Even if they are glued to Facebook on their phone, they don't realise that's something very useful that could get them customers, introduce them to contacts or get them new work."

Any capability needs conviction and blue-skying about the digital revolution needs a peg on which to hang. Are digital innovations like the Lloyds' International Trade Portal (ITP), then, enough to incentivise more SMEs to learn new digital skills and trade abroad? The portal, a free-to-use enterprise resource planning hub, offers extensive data on the biggest markets in a given industry. Import and export flows, the portal's project leader **Chris Leahy** explained, will give any business a picture of where its product is in demand. This allows potential buyers and suppliers to explore worldwide opportunities, armed with comprehensive country and market information. The encyclopaedic resource, centralised and streamlined, is symptomatic of what digital can do – it's up to people to use it. Leahy said: "The great power of the ITP is that it will streamline your search. It is an aggregator and draws all of those sources into one place and is a one-stop shop. Databases of 100,000 buyers and 27,000 suppliers provide everything you need to approach new trading partners. Company entries also give you breakdowns of the value and volume of trade, and the goods

involved. Our calculators let you forecast export prices and import costs, factor in local duties and shipping rates, and convert between currencies."

**Dr Jo Twist**, CEO of the Association for UK Interactive Entertainment (UKIE), agreed that improving basic digital skills was important but insisted that this should not come at the expense of human nuance, particularly through the lens of marketing. "They [many SMEs] lack confidence and traditional business skills. You can't export immediately without having that relationship [between digital and human skills]. It won't just happen by simply being online. You need to know how to market your product effectively and there is still a role for face-to-face interaction to play."

**Glenn Collins**, Head of Advisory at ACCA, meanwhile, highlighted that another barrier in the way of greater internationalism for SMEs was the lack of dedicated staff available to them. "The fundamental problem for the SME is that the person controlling that SME is probably in control of too many different things. They are frightened of a significant investment in a specific person to deal with that side of things. What is the timescale? Can I put all of my business into one basket, one country? How do we shorten this payback risk? Not just physical cash going in and out of the business, but the actual time it takes to go and get those skills. I think we should look into sharing that knowledge. We miss something with that entire value pool of



bringing those businesses together."

The roundtable discussion, for the most part, concerned itself with companies' motivation and ability to conduct better international trade. There didn't seem to be any doubt, however, that the technology required already existed. Google's Public Policy and Government Relations Manager **Alina Dimofte** noted: "We're seeing a growth of microbusinesses, which could be a person in their bedroom recording on YouTube or doing a vlog. These are born exporters. A website is not bound by geography and anyone can access them. Google Play has seen thousands of people publish their games and have an international





## “A website is not bound by geography”

market from the start. We’ve tried to make sure the right support tools exist in terms of analytics. Why does stuff need to be digital? Because there’s so much you can do for free. You don’t need a French speaker to sell to France; you can use Google translate.”

Nevertheless, Dimofte recognised Milner’s caveat with regard to training. A ‘thrown in the deep end’ approach isn’t enough; it’s important that the means by which to train people in person exist. She said: “You can’t just have online training. You need to have face-to-face mentoring. You need to sit down with people who feel a lack of confidence and talk them through it.”

Ultimately, as International Affairs Officer, British Chambers of Commerce **Anastassia Beliakova** put it: “Over 2 billion people are coming online by 2020. That’s a big opportunity. Every business can be a digital business because all of their customers are digital customers.”

Brexit has thrown this reality into stark relief and Garnier concluded in no uncertain terms: “We talk about digital being about something separate, but we don’t talk about reading and writing as something separate. This is something so unbelievably entrenched in our society; we can’t afford not to develop it. The opportunity is out there, you should be too.”

# Two thousand small businesses and charities surveyed

The number of charities accepting online donations has more than doubled since 2015



More digital charities are 28% more likely to increase funding than less digital charities



**65%** of small businesses use digital to cut costs

The third annual Lloyds Bank Business Digital Index analyses actual online behaviour and survey research of small businesses and charities, to understand their attitudes towards and usage of digital technology



The most digital small businesses are twice as likely to report an increase in turnover than the least digital



78% of sole traders invest no money in developing digital skills

"having mobile is crucial to the success of my business"



# The keys to the kingdom

SMEs should be afforded a global reach, according to **Gareth Oakley**, Managing Director of SME Banking at Lloyds Banking Group



It is always a delight to take part in discussions around small and medium-sized enterprises. In my role as Managing Director of SME Banking at Lloyds Banking Group, the success of these organisations is crucial. They represent a large proportion of the UK's working population, making up 60 per cent of all private sector employment. The combined annual turnover of SMEs is around £1.8trln which is nearly half of all private sector turnover in the UK.

And of course, it isn't just their financial contribution that is important. Many of these businesses are small – they are people more than they are corporations. They may be family businesses, former colleagues branching out on their own, or people finding a niche in the market that isn't addressed

by the bigger players. Their commercial success means so much more to them personally. This is why it is so important to help SMEs to prosper and enable them to trade internationally.

Regardless of their size, turnover or industry, so many SMEs could benefit from trading overseas. And this isn't just about all businesses looking to grow. As we know from the Lloyds Bank Business Digital Index, and from Nick Williams' remarks, the internet has transformed markets, customers, competitors and opportunities. No longer are local companies just operating at a very local level. We recognise that not all businesses want to continually grow but we must also understand that standing still may still mean that trading overseas is the right path to take.





## “Regardless of size, turnover or industry”



We know from our own customers, so many of them aren't yet taking that overseas step. Before Lloyds Banking Group developed the International Trade Portal, we spoke to them to find out what was stopping them from doing more.

Organisations are wary. They don't necessarily understand enough about foreign markets nor where to go to get started. What's more, it can be viewed as too big an investment or commitment when they are uncertain about the opportunities that exist. What was also of interest to me is the role digital technology and skills can play in helping to demystify some of the preconceptions about how difficult overseas trading might be.

As the Lloyds Bank Business Digital Index has shown, relatively few

organisations are using digital to help them trade internationally. Yet those who are can see how easy it can be – whether that is through emailing across time zones or using third party sellers to sell online to new markets.

We launched the International Trade Portal in partnership with the Department for International Trade, to support the Exporting is GREAT campaign and the DIT commitment to make 2017 the year of exporting. With British exports contributing more than £51bn to the UK's GDP, and with greater focus from Government, this is the time to do more to support our SMEs.

Our own commitment at Lloyds Banking Group is to help 5,000 businesses a year to start exporting their products and services. And the key way for us to achieve this is through the International Trade Portal. Having understood from customers that fear of the unknown, lack of clear support and an absence of an easily accessible platform were all key reasons for not doing more overseas, the ITP was the best solution.

The portal offers 'one-stop-shop' content. Businesses can find out information about any market in any country. The portal will show what other companies already operate in an industry. In short, it allows any business in the UK to understand in the simplest of terms, where its product or service would be most in demand. There are market reviews and up-to-date research which provides even more insight into potential commercial opportunities.

Importantly, for those who were put off by perceived complexities, there is simple information available on how overseas markets work and what they may need to do to participate. It really is easy to access – key for those not yet taking their first overseas step.

Of course, the ITP is an online tool. So we want our SMEs to have the right digital skills to make the most of these opportunities. This is why, as part of the ITP, we link businesses to content which can help them develop their digital skills, which are so crucial to getting more out of trading overseas.



# Who should I ask for help?

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Digitalisation doesn't have to be daunting. Here are some of the companies helping SMEs to make the move online

## Digital Garage

Google's award-winning Digital Garage is a certified band of tutorial courses which are a great way to make any CV shine. The service, which is free, is delivered through training sessions both online and in person, with pop-ups all over the UK. As well as getting participants to grips with basic digital skills, the Digital Garage also covers content specific to SMEs: social media promotion, search engine optimisation, e-commerce and advertising analytics.

[www.digitalgarage.withgoogle.com](http://www.digitalgarage.withgoogle.com)

## Good Things Foundation

Good Things Foundation (formerly Tinder Foundation) is a charity that provides digital skills training to anybody who needs it, through a network of online centres across the UK. The Foundation's projects have helped more than 10,000 small businesses and charities. Through a series of workshops and online courses, Good Things Foundation trains small charities while some of its more experienced centres have become Digital Advice Hubs for local businesses. After taking part in the Foundation's programmes, organisations have reported being more profitable, more sustainable, having a wider reach and creating more working partnerships through the use of digital tools.

[www.goodthingsfoundation.org](http://www.goodthingsfoundation.org)



## Federation of Small Businesses

The Federation of Small Businesses, founded in 1974, is a membership body for small businesses and the self-employed, and has fully recognised digital's growing role in everything we do. As a result, FSB members have access to a wide range of vital business services including marketing advice, financial expertise, support and a powerful voice in government. The FSB has also undertaken independent research into cyber security and produced a report to better guide their members on the issue.

[www.fsb.org.uk](http://www.fsb.org.uk)

## Tech City UK

Tech City UK, the trade organisation overseeing a cluster of tech start-ups developed around the Old Street Roundabout in east London, aims to accelerate the growth of the capital and the UK's overall digital economy. The body delivers targeted programmes for learning, engaging policing covenants for government by way of a responsive feedback loop via roundtables and reports, and effective thought leadership projects.

[www.techcityuk.com](http://www.techcityuk.com)

## Hootsuite Academy

The brainchild of Canadian entrepreneur Ryan Holmes, Hootsuite is a platform for managing various social media outlets. The system's user interface takes the form of a dashboard and supports social network integrations for Twitter, Facebook, Instagram, LinkedIn, Google+ and many more. The Hootsuite Academy offers free online courses on how to manage the dashboard and how to use each of the outlets in synchronisation with one another. It also offers a social marketing certification which covers viral advertising campaigns and analytics.

[www.hootsuite.com/en-gb/education](http://www.hootsuite.com/en-gb/education)

## Lloyds Bank Digital Skills

For small businesses wanting to learn some of the basics then Lloyds Bank has free, easy-to-follow 'Know How' guides on key subjects such as setting up email, using social media, online marketing and receiving online payments.

<http://resources.lloydsbank.com/business-guides/digital-know-how/>

## Lloyds Bank International Trade Portal

Lloyds Banking Group sees digital skills at the core of any successful business, regardless of its size. Through multiple partnerships, Lloyds has staged digital skills workshops and round table events, and produced policymaking advice for government. The innovative and, crucially, free-to-access International Trade Portal is an encyclopaedic resource for global traders online. Developed in partnership with the Department for International Trade, the ITP's calculators let users forecast import and export costs, factor in local duties and shipping rates as well as convert between 38 currencies.

[www.lloydsbank.com/business/home.asp](http://www.lloydsbank.com/business/home.asp)



# How digital are the UK's businesses?

Only 1 in 5 small businesses use digital to support their trade overseas, suggesting there's more that can be done. Find out how in the Lloyds Bank Business Digital Index.

[lloydsbank.com/businessdigitalindex](https://lloydsbank.com/businessdigitalindex)

For your next step



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