

KENYA SME INDEX 2021

Potential of Data Driven Innovation



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Acronyms



DDI Data Driven Innovation
GPS Global Positioning system
IOT Internet of things
SME Small Medium Enterprise

Acknowledgement



Deepest gratitude to Viffa team that worked tirelessly to bring the report to fruition.
A big thank you to all entrepreneurs who participated in the survey as well as key experts who shared their expertise.

Special thanks to all partners who shared wonderful insights and supported the report development

Study Methodology



Study tool

Online & Telephone survey
Expert Interviews



Sample Design

Purposive {Counties; Nairobi, Machakos, Kiambu, Kisumu, Mombasa, Nakuru}
Random {Within counties}



Sample Size

121

Introduction

Big data is synonymous with large volume of information including but not limited to user generated data from social media platforms, mobile, GPS and most recently Internet of things (IoT). Other information includes customer, inventory and transactional data.

SMEs with capabilities for processing and analyzing data even in its simplest form have the potential to have sustained competitive advantage through data driven innovation in the form of new product development, process improvement and new market development among others.

The emerging trend of big data-driven innovation especially in-light of COVID-19 pandemic is leading to the development of data-driven goods and services and can enable data-driven planning, data-driven marketing, and data driven operations across all industrial sectors and domains.

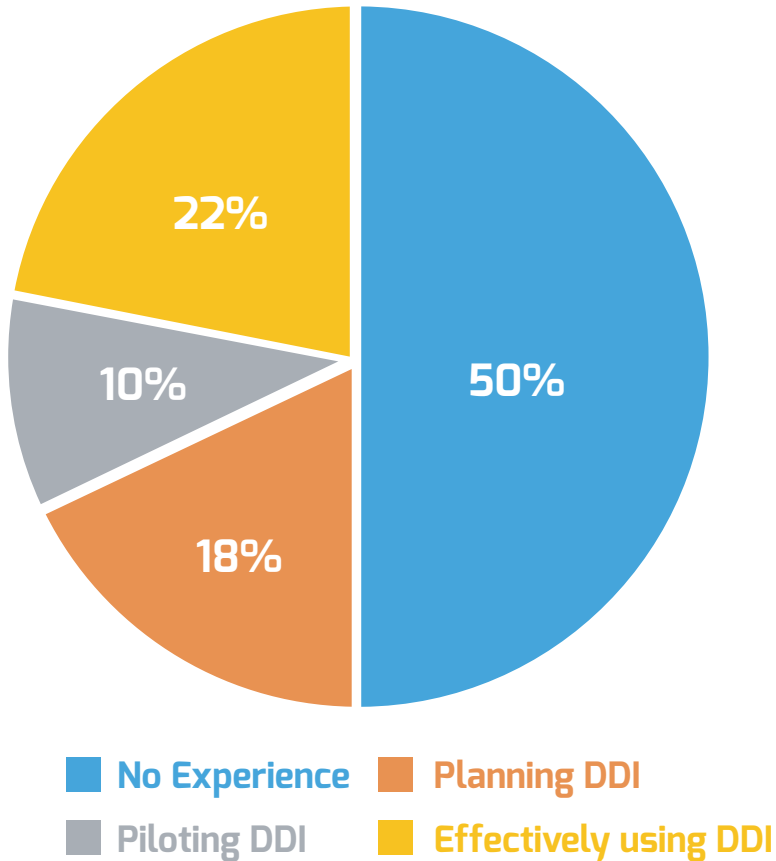
Viffa conducted its second edition SME data index survey with a broad objective of gathering facts and views on the role and impact of data (Either Big or small) on SME innovation. Specific study objectives were

- I. To establish whether SMEs are aware of big data in their businesses
- II. To establish whether SMEs are capturing big data; what information is captured and which tools they are using to capture
- III. To establish how SMEs store big data
- IV. To establish how SMEs use big data analysis in decision making and business processes



Results

Data Driven Innovation Experience



Insight

Majority of SMEs have no experience in harnessing data for innovation purposes.

SMEs in hospitality, travel, media and entertainment, retail and information communication form a bulk of businesses that are either piloting or effectively exploring data driven innovation

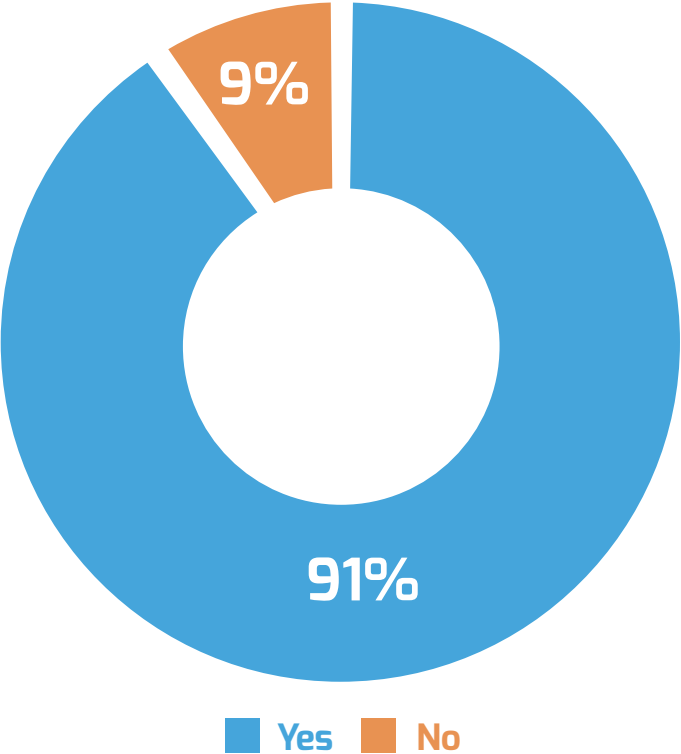


“ **Kyesubire Greigg**
President SME Founders Association

There needs to be more effort in sensitizing the value of comprehensive data other than transactional data that is linked to access to finance by SMEs to include market intelligence among others that has potential to unlock new markets through market, process and product innovation

Consideration of exploring use of data as resilience against Covid 19

{Exploring; customer trends, supply trends, financial data etc to develop competitive advantage}



Insight

The negative impact of Covid 19 on business environment in Kenya has pushed SMEs to explore avenues of innovation to stay afloat with data and information being a priority as mechanism for innovation to drive revenue

SMEs lack the capacity to collect, store and analyze data due to lack of;

1. Resources with majority being micro to small
2. Technical skills

There is need for a platform that can support SMEs with actionable insights and intelligence that satisfies the following parameters;

1. Cost effective
2. Easy to access and use {Non smart phone users}
3. Data protection



Mbugua Njihia

Head of Business Safiri Express

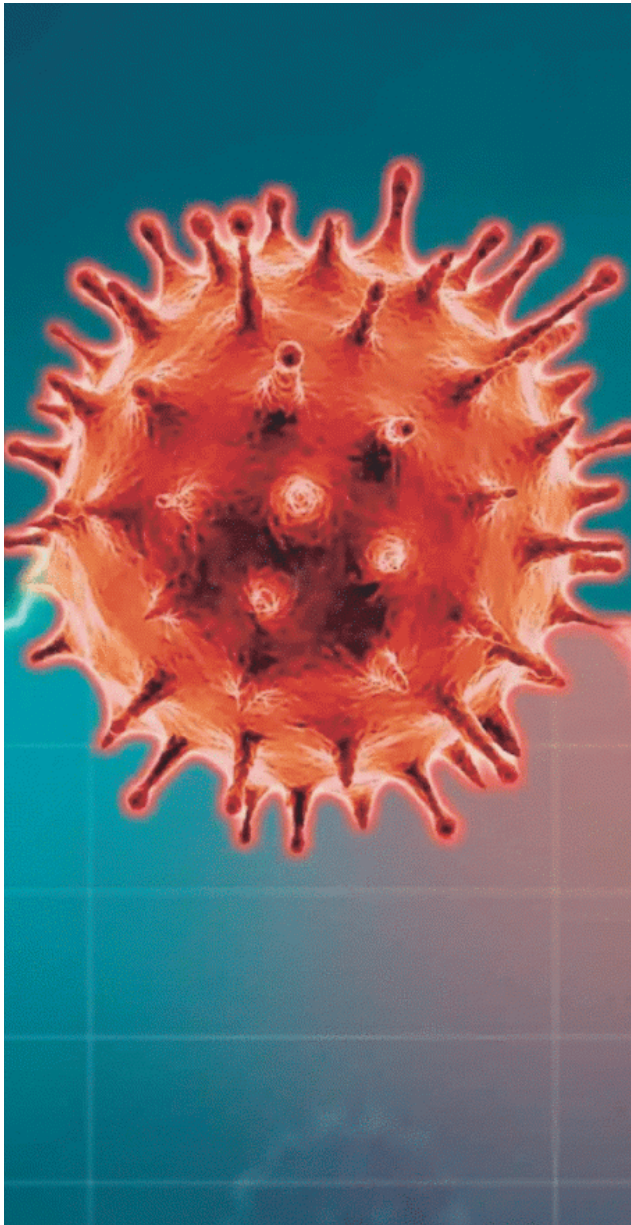
An SME insight platform must be private sector led compared to a government led platform which might be viewed with suspicion



John Kieti

Researcher and consultant on technology, innovation, and entrepreneurship.

An SME Insight platform must be a public private collaboration so as to curb exploitation and data monopoly. The unit of such a platform must be sector based



SME Data Needs in light of Covid 19



Business Finance Options



Market Information



Supply chain options

Insight

Top SME data needs are;

I. Organization providing business resilience support through financial support

II. market information especially nontraditional markets that can offer alternative revenue as well as information about how customers are coping and related customer changing trends and preferences

III. Supply chain options that are available outside their traditional input supply source markets so they can have more than one supplier to mitigate supply chain shocks as witnessed during COVID 19 . Supply chain options is especially important to SMEs in wholesale-retail and manufacturing



Muchiri Nyaggah

Executive Director Local Development Research Institute (LDRI)

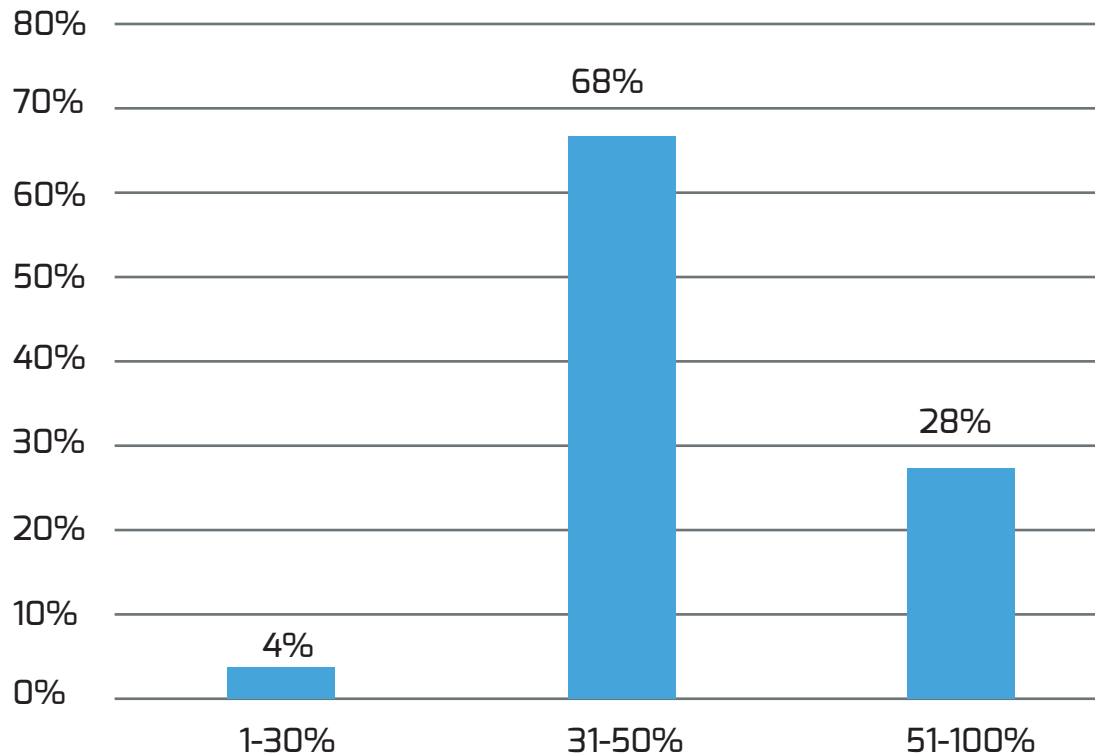
Insight platforms targeting farmers must be targeted to specific and significant challenges that small scale farmers have rather than digitizing all farm activities; a process that tends to include functions that have no value



Insight

Data sources used by SMEs are mostly external facing with SMEs lacking the capacity to collect and analyses internally generated data

Degree of Data usage for Innovation



Insight

4 percent of SMEs exploited between 1-30 percent of the data collected to innovate through improvement in business processes such as free delivery, selling through social media etc as well as products improvement and development. Similarly, 68 percent and 28 percent of SMEs exploited 31-50 percent and 51-100% of data collected for innovation respectively.



Mercy Kimalat

Partnerships & communication manager E4Impact | Engagement Advisor ASSEK

Entrepreneur support organizations must invest in data capabilities hence provide market intelligence and general insight to SMEs cognizant that most lack the resource to exploit data for innovation

Expected value of data to SMEs



- ✔ Improved customer targeting
- ✔ Improved customer loyalty & Retention
- ✔ Improved business efficiency {Cost & employee efficiency}
- ✔ Effective product
- ✔ Value for money on supplies



Maryanne Akoth

Director for programs at ISBI
Strathmore Business School

Efforts must be made to ensure SMEs have offline customer information cognizant that majority of Kenyan consumers especially out of urban centers operate offline

Data storage Location



Cloud
{ Google
Drive etc }



Computer



Mobile
Phone

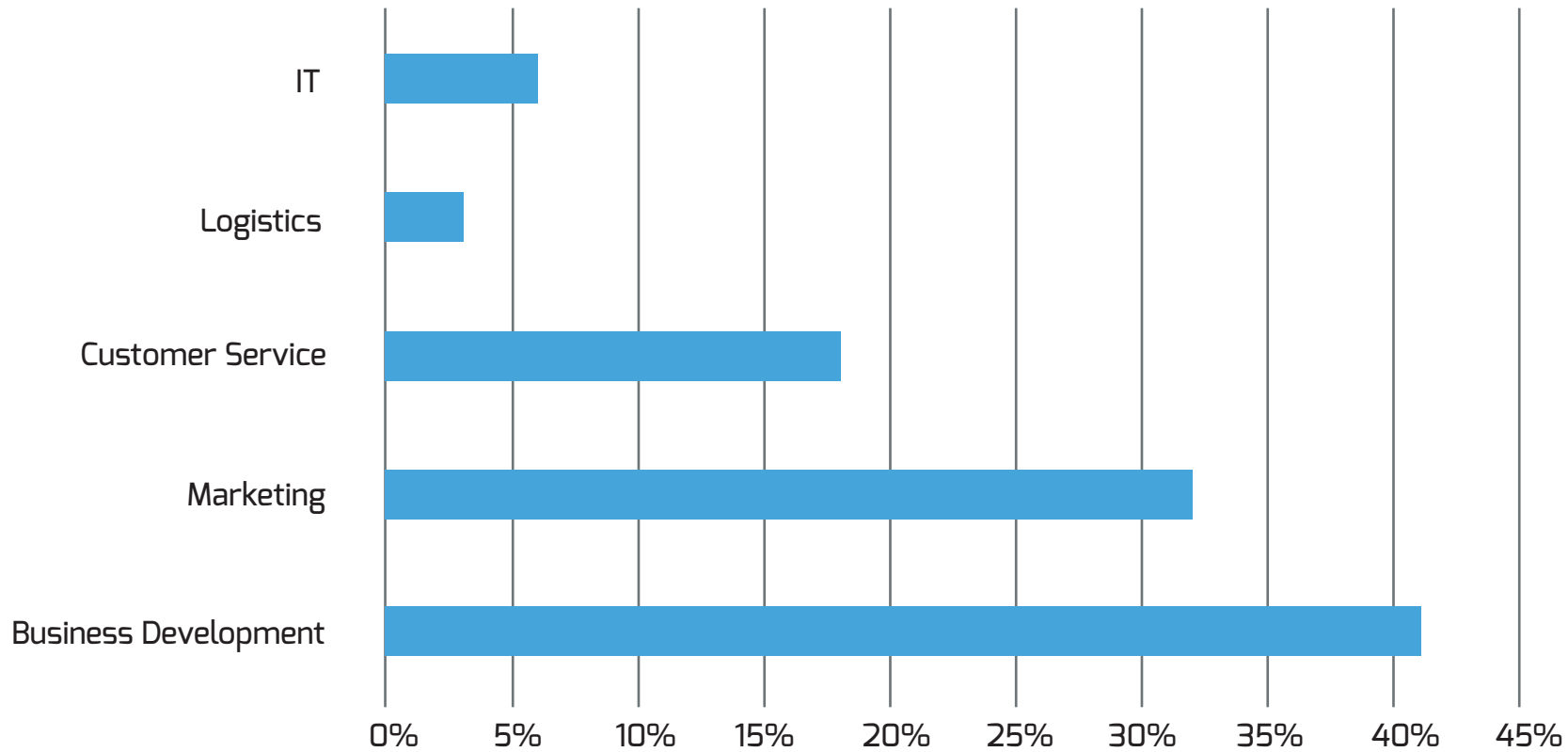


Physical
File



Personal
memory

Business function involved in exploiting Data



Insight

Business function either currently or expected to be involved in exploiting data driven innovation is correlated to the expected value SMEs stand to gain from data as illustrated; Customer targeting and retention, improved efficiency, effective product and value for money on supplies





Thank
you

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