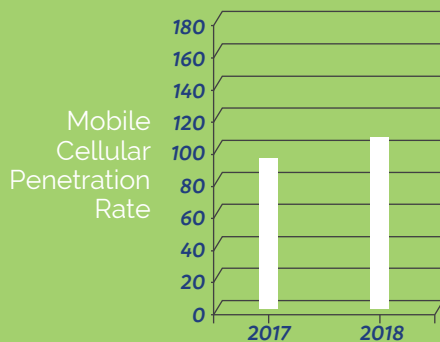
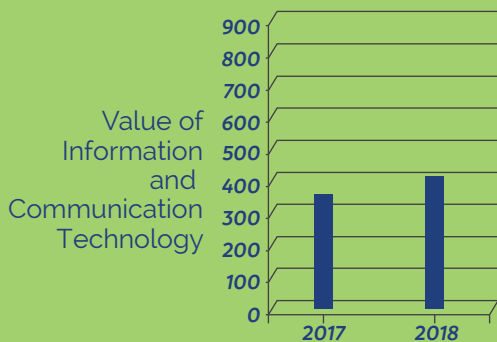




Kenyan SME
**TECHNOLOGY
ADOPTION INDEX**
2019

Kenya has experienced rapid growth over the last decade driven majorly by infrastructure investment by the Kenya government with GDP growth in 2018 standing at **6.3%** compared to **4.9%** in 2017. Kenya's real economy over the same period has remained resilient despite heavy government debt, delayed payment to government contractors, uncertainty due to political impasse in 2017-2018, famine and interest rate cap among other challenges; due to its diversity with services sector contributing the highest proportion to GDP according to **Kenya national bureau of statistics 2019 economic survey**.

The value of Information and Communication Technology under services sector expanded by **12.9** per cent from **KSh 345.6** billion in 2017 to **KSh 390.2** billion in 2018 driven by growth in the digital economy. Mobile cellular penetration rate per 100 inhabitants improved from **91.89** in **2017** to **103.45** in **2018** according to 2019 economic survey by **Kenya Bureau of statistics**.



Higher mobile and internet penetration has led to the growth of social media users, currently at **8.20M**. Kenyan users on social media spend close to **3 hours a day** on social media, with the most used social media platforms identified as **Whatsapp , Facebook , Youtube** and **31%** using social media for acquiring information according to USIU Lab social media trends and practices.

Similarly closely linked to social media is the increased uptake of ecommerce by Kenyan consumers with Kenya being ranked **7th in Africa** in providing conducive environment for online transactions according to the United Nations conference on trade and development (UNCTAD)

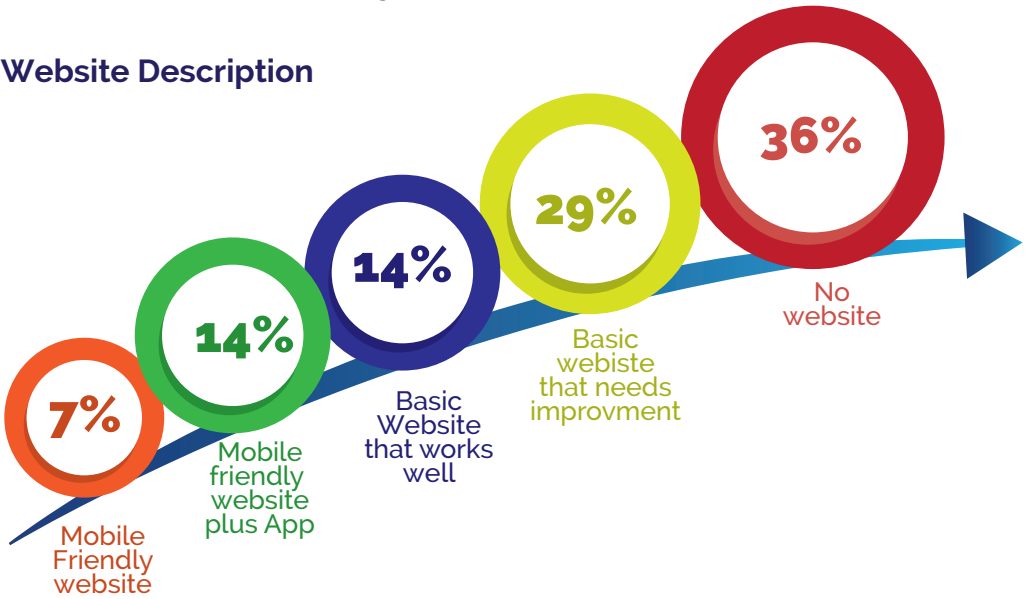
Information technology therefore is increasingly transforming SMEs in Africa. IT has in most parts changed SME business operations, business models, customer interactions and marketing among others to improve business performance.

Apart from challenges of finance, markets and management skills among others information technology a subtle SME challenge which permeates all economic sectors and business ecosystem in Kenya has received little attention.

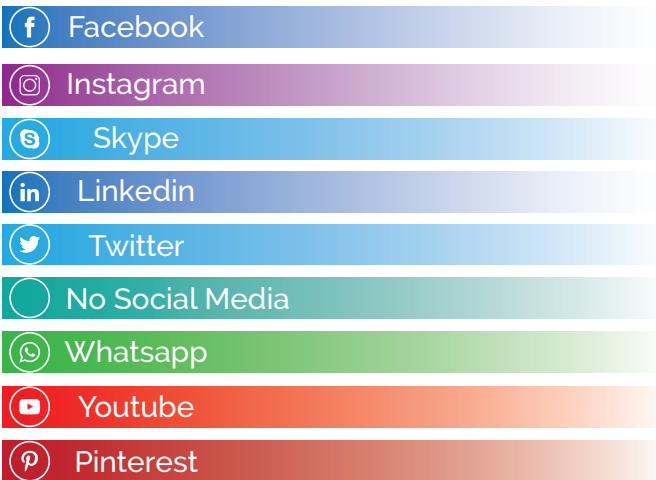
Viffa conducted a study to understand how SMEs are interacting with information technology and establish specific challenges in adoption of information technology.

Results of the Study

Website Description



Social media usage



Social Media Insight

SMEs in services sector preferred using Twitter, Facebook, LinkedIn as well as Skype using them for advertisement and customer care while SMEs in Retail with turnover of over 5M Kes preferred Facebook, Instagram, Pinterest as well as YouTube majorly to advertise using pictures while retail SMEs with turnover of 0-500,000 Kes preferred advertisement through Whatsapp, SMEs in aviation transport and Health preferred to use social media as a communication channel.



IT Hardware mostly used



Smartphone



Desktop



Laptop



Printer



Landline



Private Server



Tablet

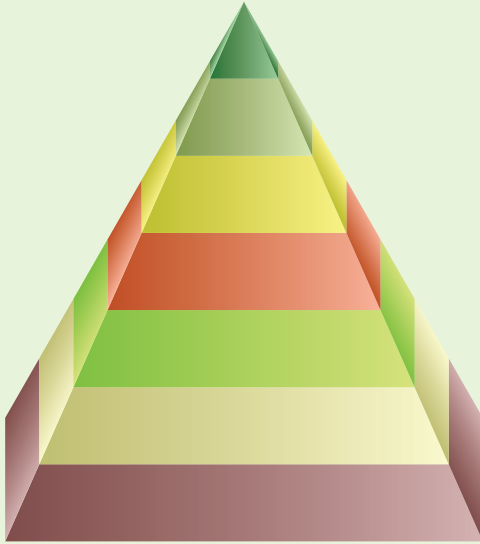
Hardware Insight

Top 5 SME smart phone usages

1. Social media marketing
2. Communication (calling, Whatsapp & Email)
3. Access mobile credit
4. Collateral for informal lending
5. Market research

85% of SMEs indicated they purchased second hand IT hardware while 15% purchased new IT hardware

Online Activities

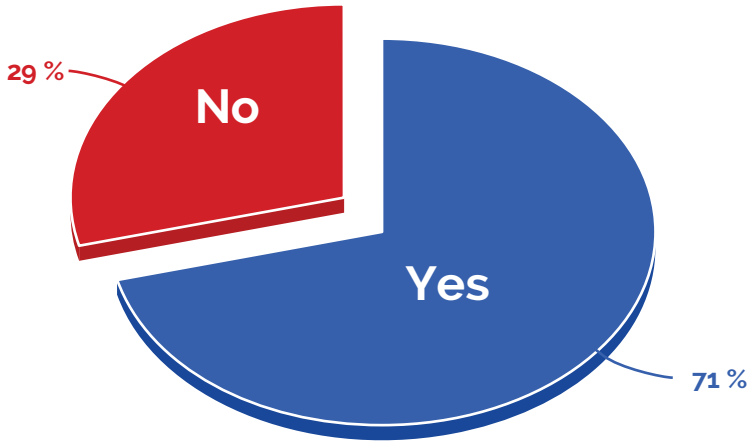


- Use E-commerce to sell
- Conduct remote meetings online
- Use E-commerce to purchase supplies
- Use online content management system
- Use of online mobile device management
- Online accounting & payroll
- Online inventory management

Business Functions that has potential to benefit from IT

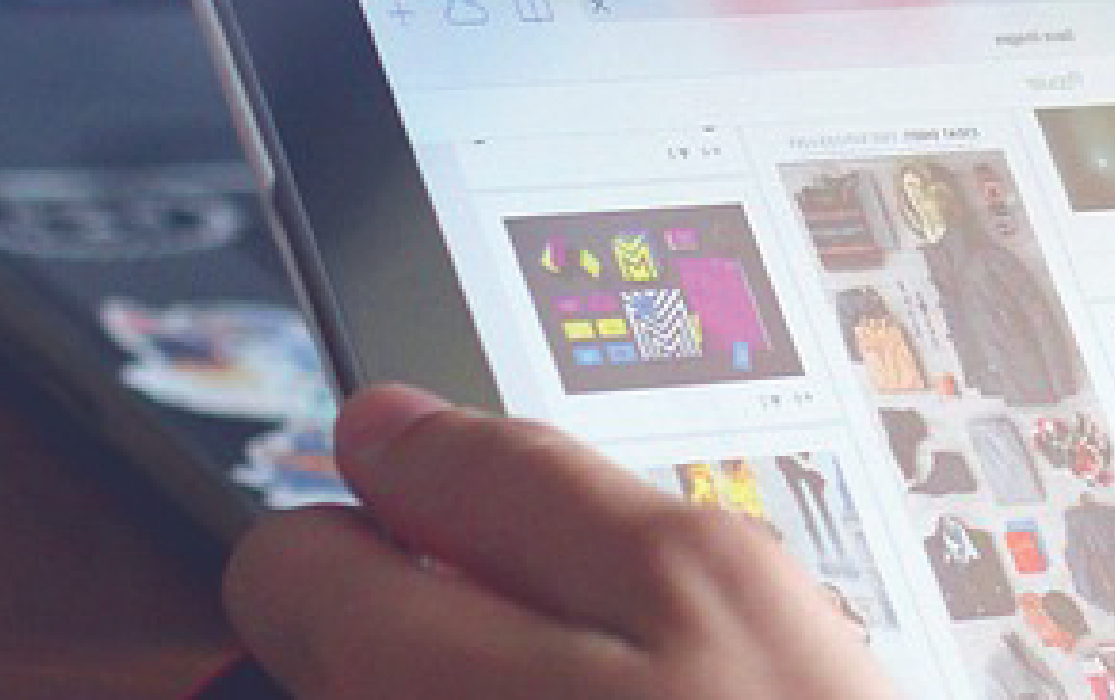


Use of cloud based services (Gmail, Dropbox, Amazon web services etc)



Challenges to adoption of business technology





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