

Technology Adoption Criteria for Spanish SMEs

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At large Spanish companies, decisions regarding technology investment are about striking a reasonable balance between the cost of the technology and the profits it will generate. Meanwhile, SMEs prioritize having a supplier that can respond to any problems that may arise from the newly implemented technology, as well as the availability of external support and the reliability of the supplier.

The second edition of this study by the e-business Center PwC&IESE (part of the Business and Information Technologies project led by the Anderson School of Management at UCLA, with collaboration from business schools around the world) is based on a survey of IT directors at 56 large Spanish companies (i.e., 600 employees or more) and 182 SMEs (fewer than 600 employees).

Among other questions, the survey asked about the importance given to a set of 15 criteria for ICT adoption, these being related to rationality in the decision-making process, the scope of the innovation and the mindset of the decision maker.

The responses confirm in broad terms that large companies and SMEs differ with respect to prioritizing these technology adoption criteria. The differences between the two corporate segments become apparent when identifying the key criteria for technology adoption. To illustrate, while most (91%) IT directors at large companies feel that the first decision-making criteria is cost rationalization, the majority of their counterparts at SMEs (84%) feel that the main factor is the availability of technical support from a supplier that can perform maintenance and resolve system-related issues.

Five Key Behaviors

With regard to the SME segment, the study highlights a set of five behaviors that steer IT directors' decision making: a) "follower/conservative" behavior; b) system compatibility and independence from the supplier; c) obedience ; d) cost-influenced; e) skill-related.

a) **"Conservative/follower" Behavior** or "herd effect" 25% of the professionals surveyed cite the importance of the opinion of colleagues and other groups, the belief that the chosen solution will be the same for most of the sector, due to a general aversion to the risk of failure in decision making. Thus it would be logical to assume that in this segment the opinion of third parties bears a major influence, which, when coupled with the fear of making mistakes, produces the "herd effect" and leads them to adopt the technology solution that is most prevalent in their sector.

b) System Compatibility and Independence from Suppliers 21% of those surveyed mentioned their preference for adopting standards, and that they especially value suppliers offering external support to minimize the risk of their decision becoming an irreversible one, while simultaneously aiming to achieve greater independence from their suppliers.

c) Obedient Behavior 19% of the IT directors surveyed prioritize preserving their corporate reputation, and thus when the time comes to decide about technology adoption they consider the preferences of upper management, as well as making sure of the reputation of the supplier.

d) Cost-Related Behavior 19% of these professionals make their decisions according to the costs generated by the technology and for their technical specifications, without being rattled by the fact that their decision may bring about radical changes in the company's work routines.

e) Skill-Related Behavior Finally, there is a smaller group (16%) of professionals who choose their technologies based on knowledge barriers. In other words, according to the skills available, since any deficiency in this area hinders the implementation of technology solutions. This group gives considerable importance to analyzing the viability of the proposed adoption by their employees and customers.

In short, the study shows that when it comes to making decisions about technology investment, IT directors at small and medium-sized Spanish companies go with "follower" considerations, so as to steer clear of any and all risks. "In the absence of a better strategy, or where there is fear of taking risks, the ideal behavior is to copy everyone else." That opinion epitomizes this attitude, which, of course entails its own risks.