



unlocking MSME growth insights study

2023



Vi Business' ReadyForNext is India's largest MSME digital maturity study

India's Largest MSME
Digital Maturity Assessment
& Study covering
1Lac+ MSMEs
across 16 industries





message from our Chief Enterprise Business Officer



Arvind Nevatia

Chief Enterprise Business Officer,
Vi Business

For MSMEs that were reeling from the after-effects of Covid-19, technology came as a saviour allowing them to re-imagine ways of doing businesses and tide over.

Technology, when democratised, yields maximum impact and value.

The **ReadyForNext** assessment was our endeavour to democratise and ensure that technology could be evaluated and easily adopted by all businesses. After having engaged with over 1,00,000 businesses, I am happy to present to you the '**Unlocking MSME Growth Insights Study 2023**' by Vi Business.

This carefully compiled report, built by Vi Business, will give you an overview of the digital readiness of MSMEs pan India. From industries like Manufacturing, Media, & Education, to technologies like IoT, Cloud, and more, this report lends a sense of the current Digital Maturity across the MSME universe as well as the potential therein.



contents

1	executive summary	3
2	digitalisation fueling MSME growth	4
3	decoding Digital Maturity for MSMEs	5
4	digital solutions being adopted by MSMEs	6
5	leading industries embracing digitalisation in the MSME sector	7
6	conclusion	24
7	about ReadyForNext digital assessment	25



India is home to more than **63 million** MSMEs. MSMEs contribute **33.4%** to India's manufacturing output and 40% to total exports. The Government of India aims to boost MSME GDP contribution to 50% by 2025. For this, our MSMEs are poised to be the biggest drivers of growth for India.

While the pandemic posed several business challenges to the MSME sector, it also brought in the realisation that going digital is a necessity to stay resilient. Today, digitisation is the central growth pillar for MSMEs.

Through our long association with MSMEs across the country, we have realised that they have a need not just for digital solutions, but also for partners who can guide and advise them through their entire digitisation journey.

To serve these needs, Vi Business launched the **ReadyForNext** Digital Assessment Tool for all MSMEs in India. This is an online tool aimed at simplifying the complex decision-making process of MSMEs and helping them identify the right focus areas, while reaping the benefits of implementing the right solutions for their business. Vi Business developed this tool in association with Dun & Bradstreet and can be found on our website [here](#)

The '**ReadyForNext**' digital assessment tool helps business owners evaluate their setup across three aspects:



Digital Customers



Digital Workspace



Digital Business

At the end of the assessment, a report is generated, giving insights into their digital maturity scores. It also gives recommendations, tailored as per the industry of the MSME taking the assessment - thus giving them relevant evaluation and advice.

Over the last one year, we have engaged with **nearly 1 lakh MSMEs** across **16 industry** sectors like Manufacturing, Financial services, IT & ITeS, Education, and more, through the ReadyForNext digital assessment tool.

On World MSME Day 2023, we are launching '**Unlocking MSME Growth Insights Study 2023**' by Vi Business - a report capturing in-depth insights about the digital readiness of MSMEs in India.

Key findings of the report are:

1. Average digital maturity of an MSME is between **55%-60%**.
2. **One-third** of the participating MSMEs are 'moderate to high' on digital maturity, operating in an environment where their customers are digital, their ways of working are digital and have invested in the digitisation & transformation of their business.
3. Media & Entertainment, Logistics, and Manufacturing are sectors highest on the digital maturity scale.
4. Business owners and founders play a pivotal role in driving the digital transformation of an MSME.
5. MSMEs who have adopted solutions for collaboration & productivity, security, cloud and IoT have a significantly higher digital maturity than MSMEs who have not adopted such solutions since it allows them to compete more effectively, reach out to more number of customers, drive efficiencies in their business operations, and have collaborative & effective digital tools for the workforce.
6. More than **45%** of MSMEs are yet to adopt digital marketing solutions to reach and engage with their customers.

We believe that the '**Unlocking MSME Growth Insights Study 2023**' by Vi Business report can act as a necessary guide for MSMEs looking to make technology the catalyst for digital readiness of their business in the future.

Based on the insights that we received from the **ReadyForNext** digital assessment tool, we have made the tool more personalised as per the industry and turnover of the MSME taking the assessment - helping them gain an even sharper understanding of their digital maturity. The assessment report generated at the end of the test will now give the industry benchmarks for their digital maturity scores, offering a comparative view with peers.

Take the *ReadyForNext* Digital assessment [here](#) and unlock your digital readiness for business growth today!

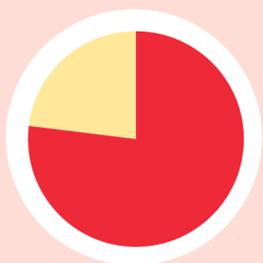


digitalisation fueling MSME growth



Indian MSMEs recognise technology as essential for business growth and actively seek the right solutions to stay future-ready. Despite their diverse sizes, scopes, & geographies, MSMEs which are high on digital maturity display these **5 key characteristics**:

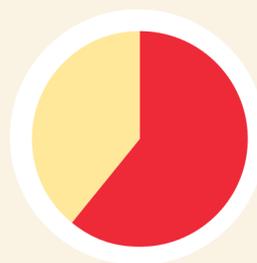
Business Owner Sponsorship



~77%

digital initiatives are directly sponsored by founders and senior management.

Digital as a Culture



~61%

leverage technology for strategic planning all the time.

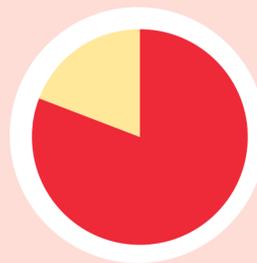
Complete Integration



~90%

MSMEs' systems are fully or mostly integrated with digital to facilitate faster business processes.

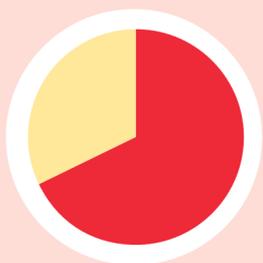
Active Adoption



~81%

use advanced analytics (predictive, AI/ML) for business & customer objectives.

Technology Tracking



~68%

use tech to track digital health indicators by identifying, measuring and closely monitoring digital KPIs all the time.



decoding Digital Maturity for MSMEs

Data from **ReadyForNext Digital Assessment** shows that on an average, MSMEs in India are **55%-60% digitally mature**.

Digitally mature MSMEs strategically invest in technology to fuel growth, resilience, and market presence. Our research identifies three major segments for categorising their technology and digital solutions.

Digital Customers



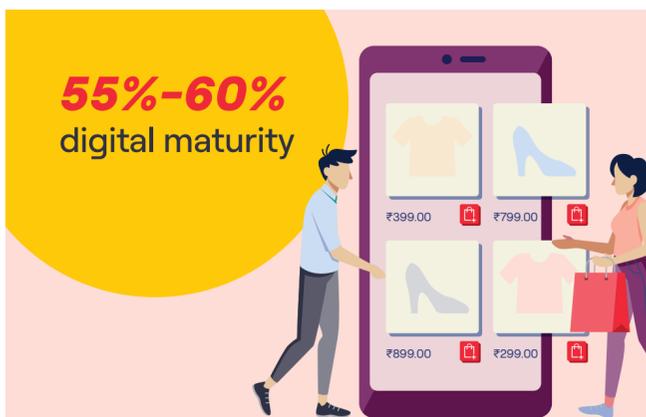
- Actions and strategies to target, acquire & service customers efficiently in a digital manner to meet ever-evolving needs
- MSMEs use solutions like lead management, auto receptionist & digital marketing
- Email & Social Media marketing were being used by 56% MSMEs, while SEO & website capabilities were lower in adoption

Digital Workspace



- Actions and strategies that ensure a digital, secure and safe workspace for all employees
- MSMEs use solutions like cloud-based office apps, connectivity offerings, enablers like device management, asset location tracking, and work-order management tools
- <30% MSMEs adopted most of these tools in their workspace operations while 42% did not provide enterprise mobility plans to their employees

Digital Business



- Implementation of cutting-edge technology to aid in digital transformation, making day-to-day operations more efficient
- Includes solutions like security, firewalls, VPN, antivirus, data encryption, IoT as well as business communication solutions like SIP, broadband and internet leased line
- 49% MSMEs are yet to implement any security solutions

average Digital Maturity scores across industries

Media & Entertainment, Logistics, Manufacturing, IT & ITeS and Mining are leading the digital maturity index





digital solutions being adopted by MSMEs



Adopting digital has a significant impact on not just business growth, but also on business resilience & continuity. As per MSME owners, these 4 tech areas help MSMEs increase digital maturity.



Collaboration & Productivity

- An adoption of collaboration tools like Google Meet, MS teams, and other work tools & apps.
- Investments in work order management and lead management.

MSMEs adopting such solutions score higher on the digital maturity scale with scores of **80% and above.**



Security

- Security measures safeguard company & customer data, against cyber threats.
- Solutions include managed security services, VPN, data encryption and protection against DDoS attacks.

MSMEs adopting security products have an average of **75%-80% digital maturity.**



Cloud

- Cloud services enhance workspace productivity and enable hybrid working environments.
- Over 50% use cloud-based office apps, cloud-based security solutions & storage.

MSMEs adopting cloud products have an average of **75%-80% digital maturity.**



IoT - Internet of Things

- MSMEs boost efficiency by implementing IoT for fleet management, M2M connectivity, Remote Monitoring and more.
- These solutions are critical to drive the next phase of growth for MSMEs.

~46% MSMEs have already adopted IoT solutions.

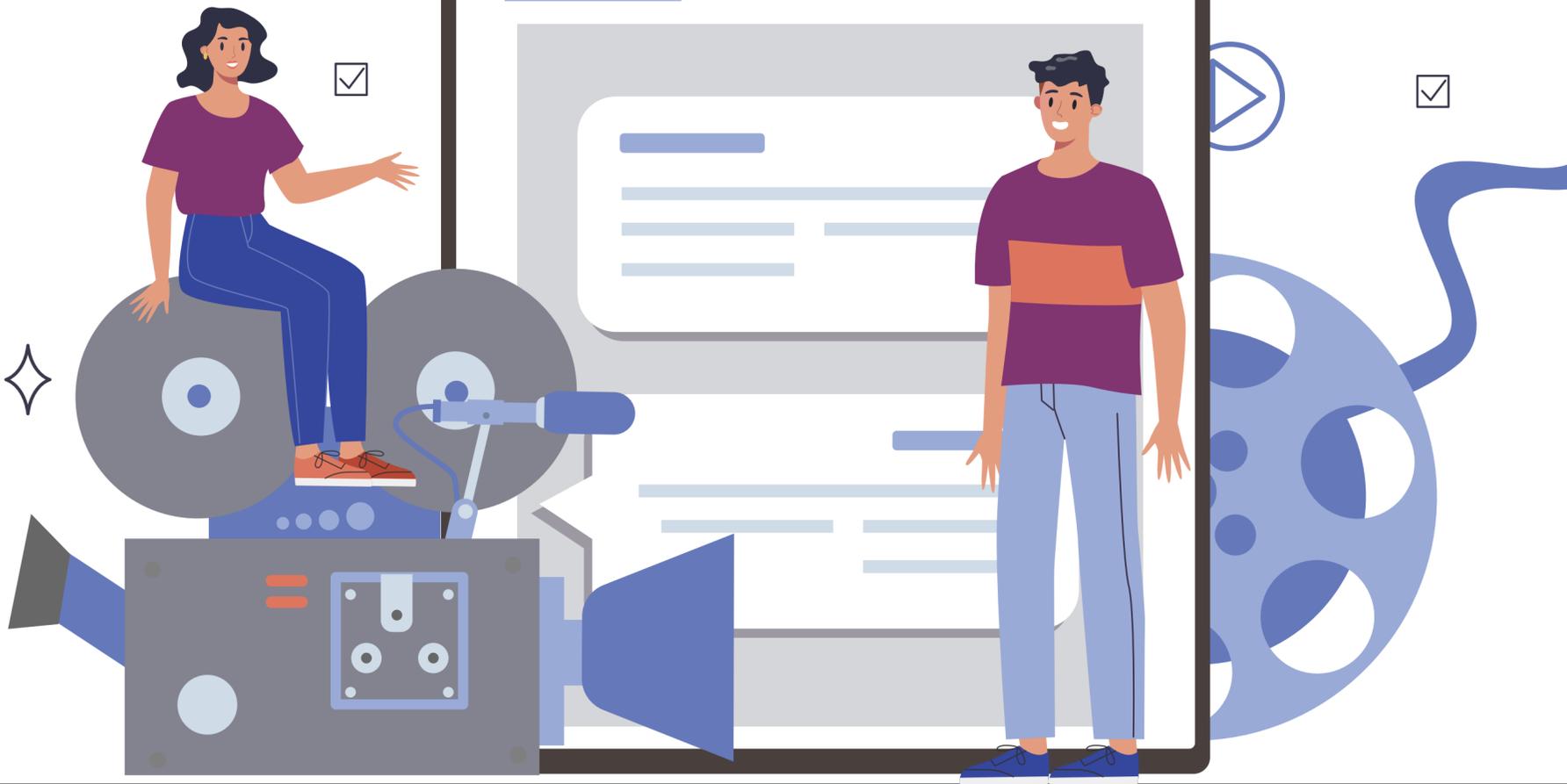
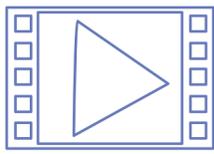
16

leading industries

embracing digitalisation
in the MSME sector

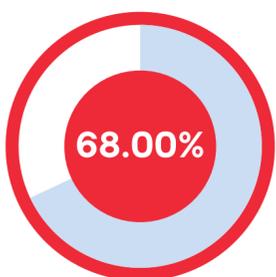


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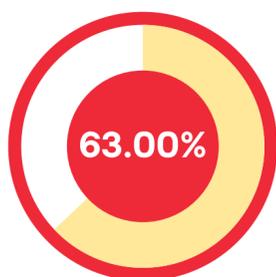


Media and entertainment companies use tech to deliver content to customers faster and enhance collaboration between employees and customers.

~60% MSMEs in this sector are above 50% maturity.



Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~60% use cloud-based applications for enhanced productivity.

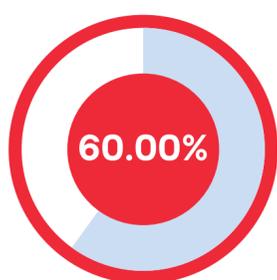
~92% provide Postpaid mobility connections to employees.

~50% employ digital marketing methods for effective customer outreach.

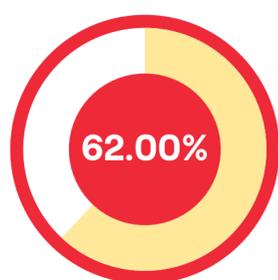


The logistics sector is adopting digital to optimise and automate processes, manage fleet, and reduce costs.

~66% MSMEs in this sector are above **50% maturity.**



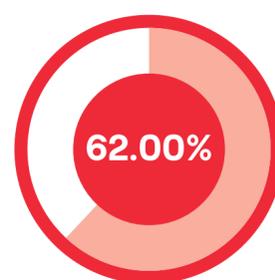
Digital Maturity



Digital Customer



Digital Workspace



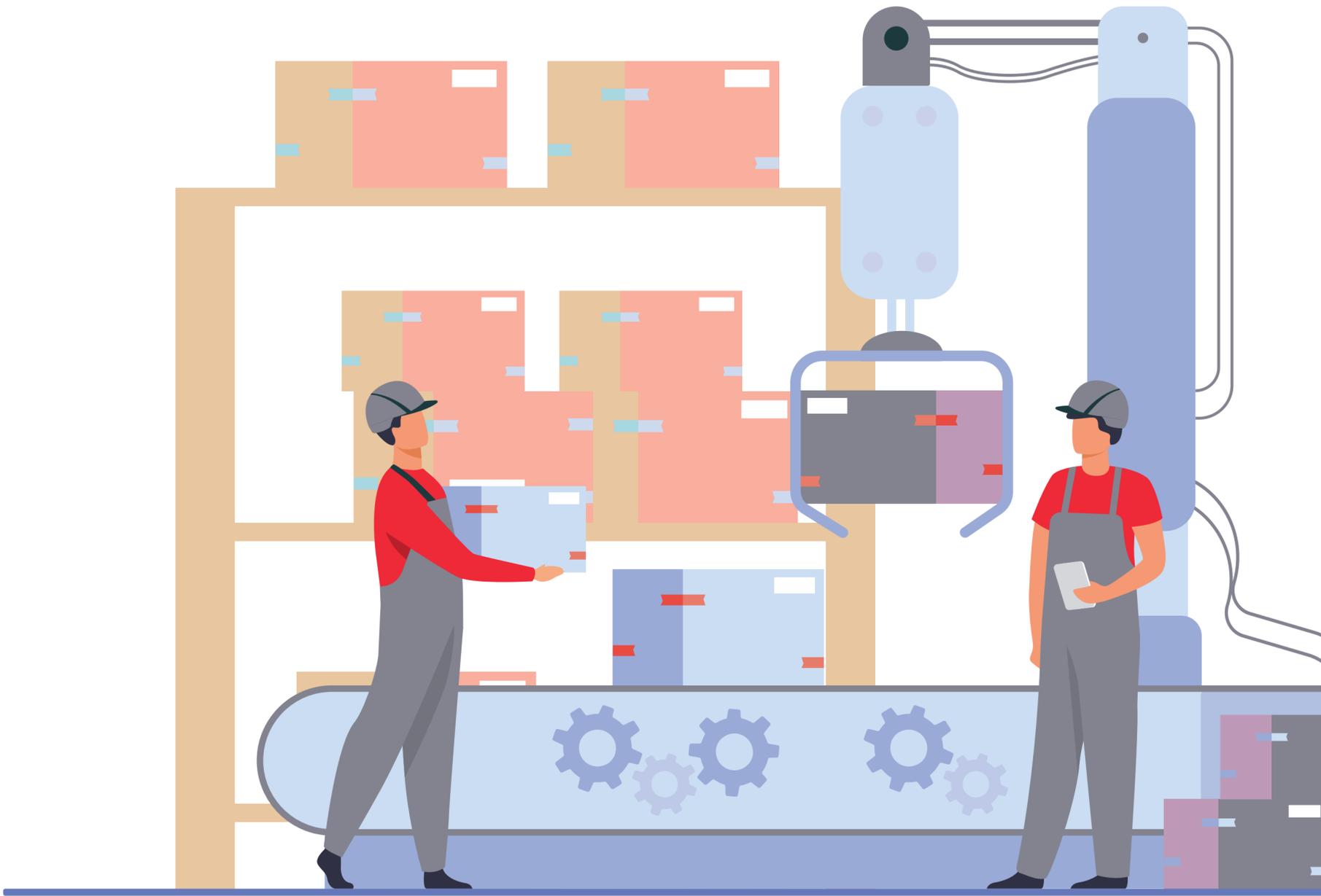
Digital Business

Overall

~94% provide Postpaid mobility connections to employees.

~52% currently use M2M solutions, and 30% are planning future implementation.

Asset location tracking and employee location tracking are also widely used.

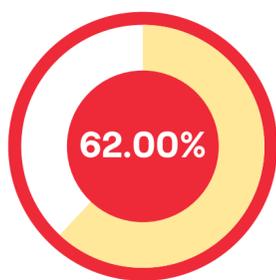


Manufacturing companies are adopting digital to increase safety, effectiveness, and efficiency in day-to-day operations.

~64% MSMEs in this sector are above 50% maturity.



Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~57% use cloud-based apps to boost workspace productivity.

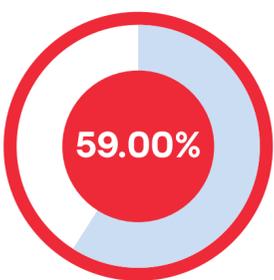
Asset tracking solutions are widely used in this asset-heavy sector.

~60% either use or plan to adopt IoT for M2M connectivity and more.

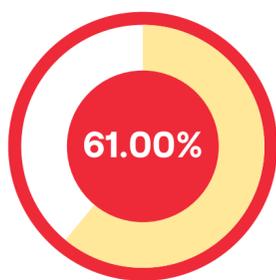


Tech adoption is helping IT & ITes companies improve customer experience and scale their operations securely & efficiently.

~64% MSMEs in this sector are above 50% maturity.



Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~78% reported fully or mostly integrated internal systems for easier collaboration.

~50% rely on cloud-based security like antivirus programs & cloud firewalls.



Mining companies are adopting digital solutions to improve worker safety, analyse real-time information, and reduce costs.

~59% MSMEs in this sector are above **50% maturity.**



Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

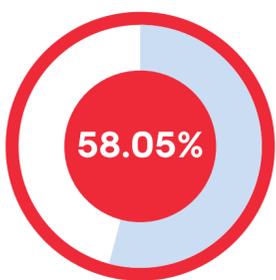
~60% adopt asset location tracking solutions

Key solutions include cloud-based apps and antivirus programs.

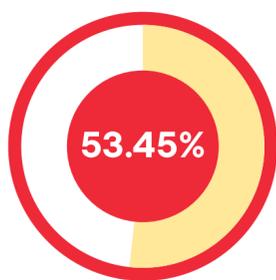


The transportation sector is adopting technology and digital to optimise and automate processes, manage fleets and reduce costs.

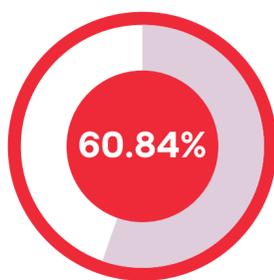
~62% MSMEs in this sector are above 50% maturity.



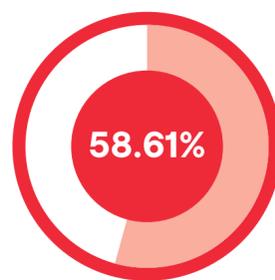
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

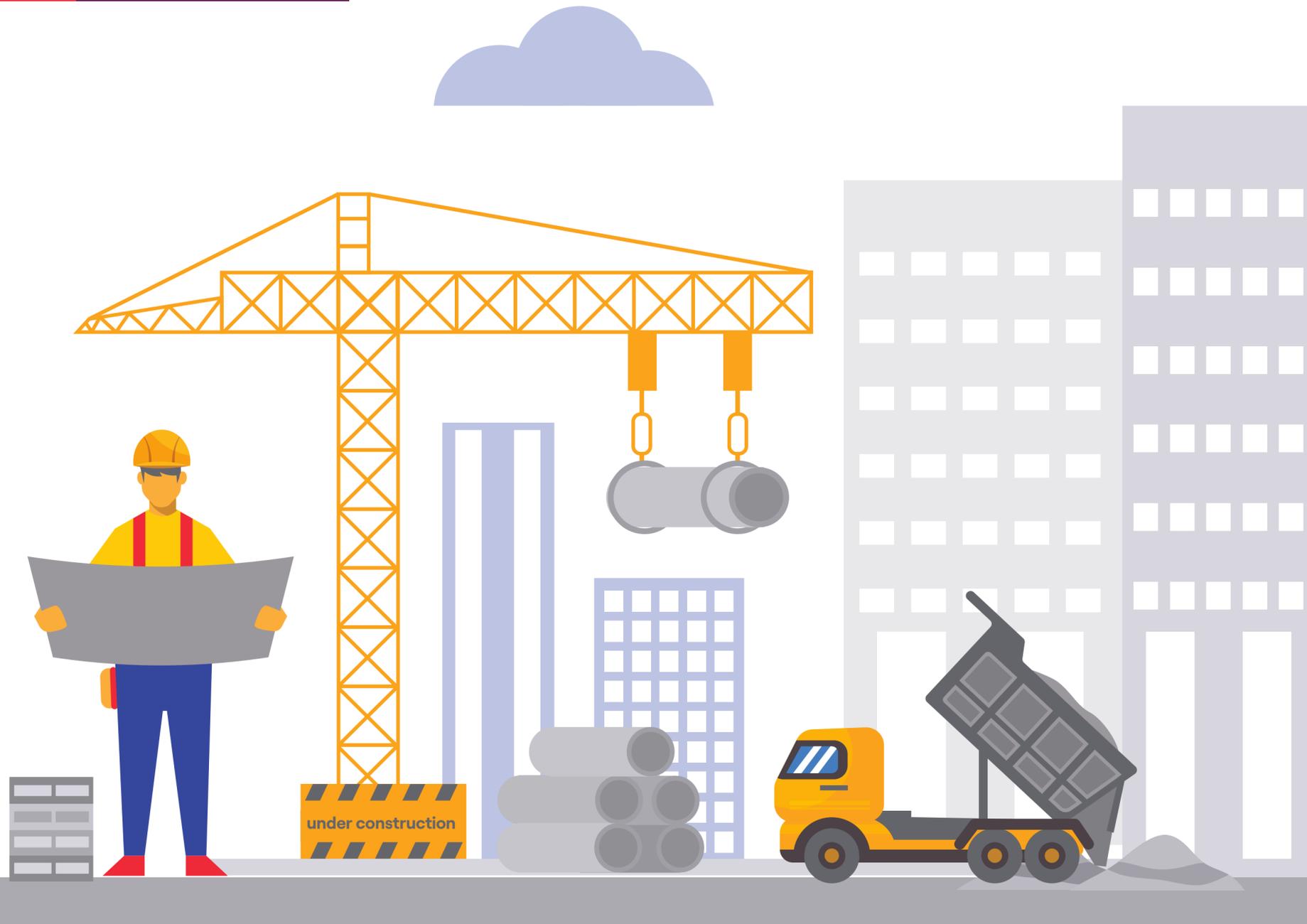
Overall

~94% MSMEs in the transportation sector are providing Postpaid mobility connections to their employees.

~48% MSMEs in this sector are using IoT solutions like real-time vehicle monitoring and fleet management.

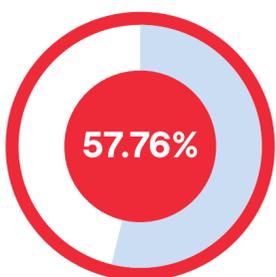
~61% are using Asset Location Tracking solution.

~54% are using Employee Location Tracking solutions.

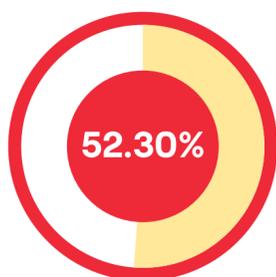


Construction companies are adopting technology and digital solutions to receive real-time data and alerts to remotely manage the efficiency, maintenance and health of their equipment.

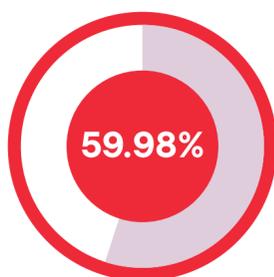
~62% MSMEs in this sector are above 50% maturity.



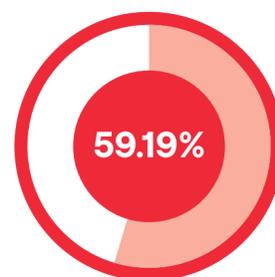
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

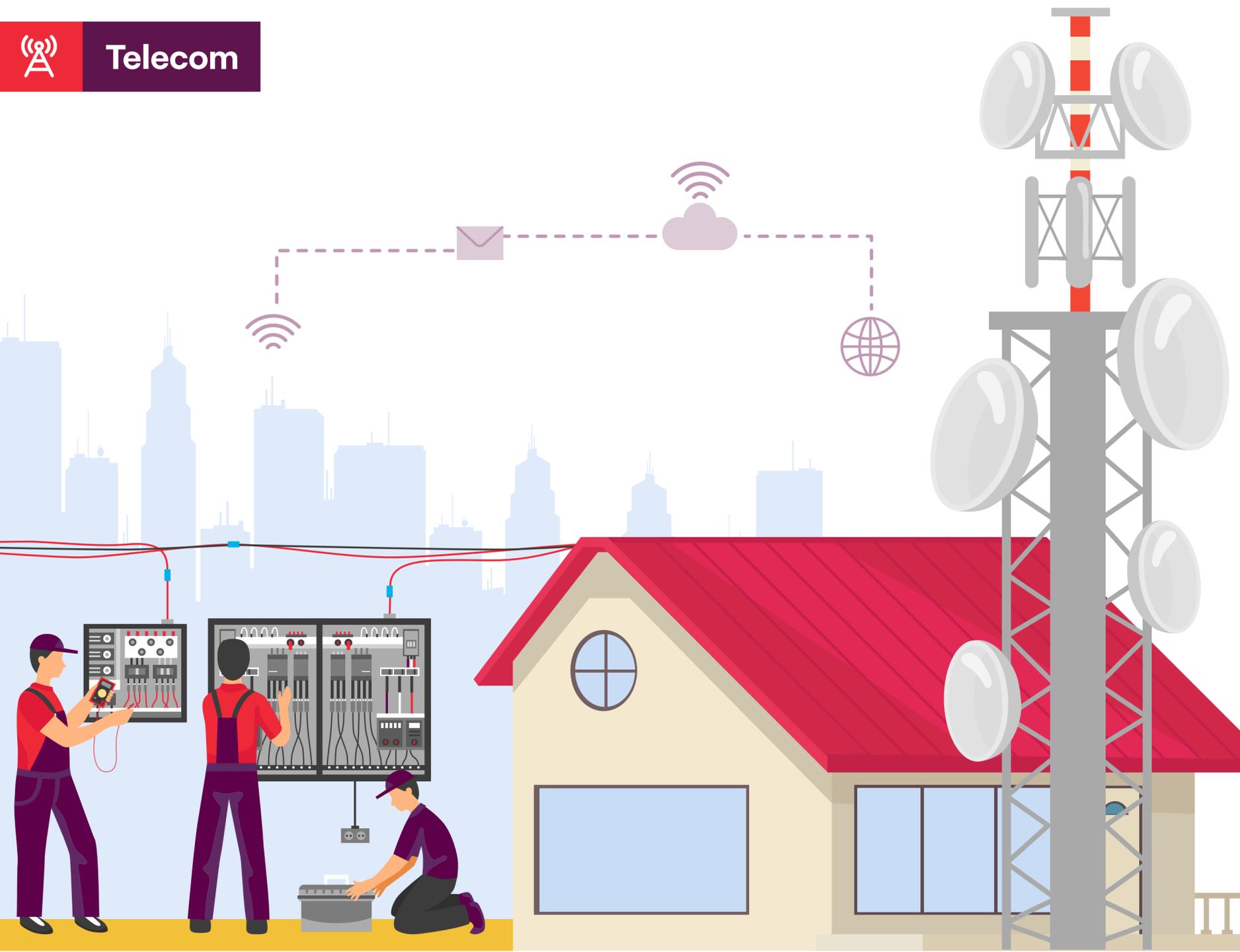
Overall

~92% MSMEs in the sector are providing Postpaid mobility connections to their employees.

~48% MSMEs in the sector are using M2M connectivity.

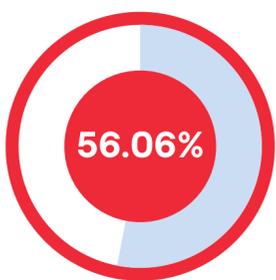
~46% MSMEs in this sector are using IoT solutions like real-time vehicle monitoring and fleet management.

~61% MSMEs in this sector are using cloud-based office applications like MS Office, Google Workspace, etc.

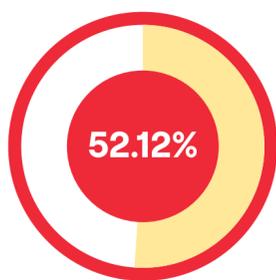


Telecom companies are leveraging technology to streamline and simplify operations, optimise networks and improve security.

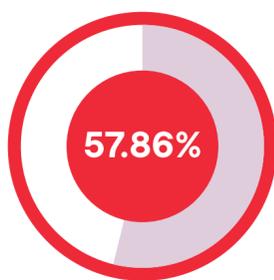
~68% MSMEs in this sector are above 50% maturity.



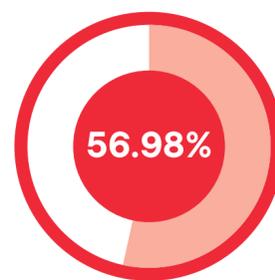
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~89% MSMEs in the sector are providing Postpaid mobility connections to their employees.

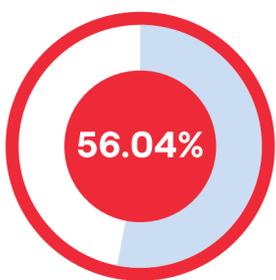
Antivirus program and VPN are the top 2 security solutions that are being used by the telecom MSMEs.

~54% MSMEs in this sector are using cloud-based office applications like MS Office, Google Workspace, etc.

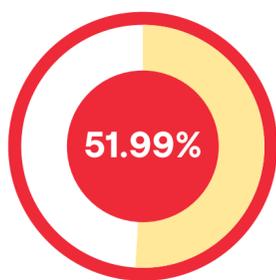


Agriculture companies are implementing digital solutions to improve their market access and reach out to customers easily.

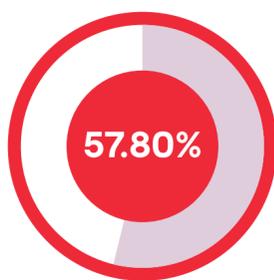
~60% MSMEs in this sector are above **50% maturity.**



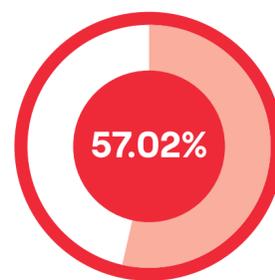
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~89% MSMEs in the sector are providing postpaid mobility connections to their employees.

~60% are using asset location tracking solutions.

~54% MSMEs in this sector are already using digital marketing solutions like emails, SMS and social media to reach out and engage with customers.

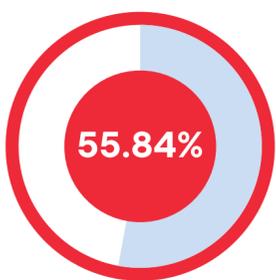


Energy and utilities

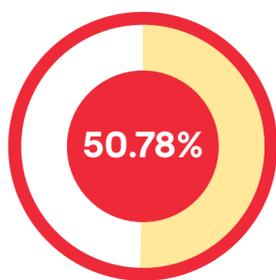


Energy & utilities companies are utilising digital solutions to manage and track energy consumption, reduce wastage and improve billing accuracy.

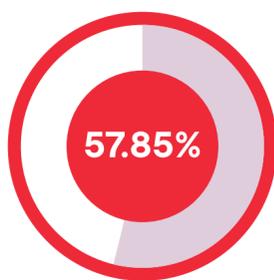
~55% MSMEs in this sector are above 50% maturity.



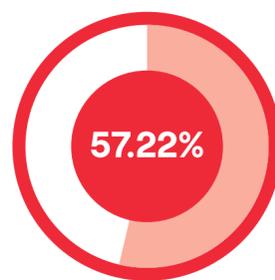
Digital Maturity



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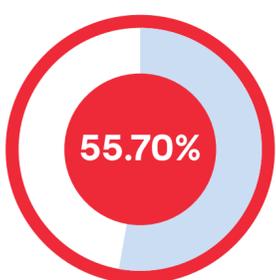
~40% are using solutions for remote monitoring, management and control of utility assets & metering systems.

~54% MSMEs in this sector are using cloud-based office applications like MS Office, Google Workspace, etc.

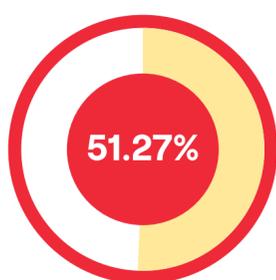


Digital solutions & technology adoption is helping the healthcare & social work industry to provide critical services faster, monitor patients remotely and improve productivity of field staff.

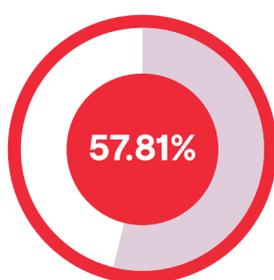
~58% MSMEs in this sector are above 50% maturity.



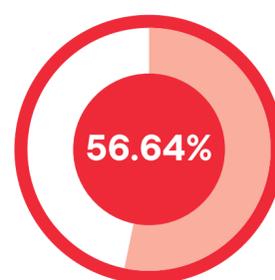
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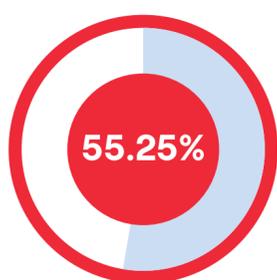
~51% are using cloud-based security solutions.

~47% MSMEs in this sector are using web conferencing solutions like Google Meet, MS Teams, and more, for improving workspace collaboration.

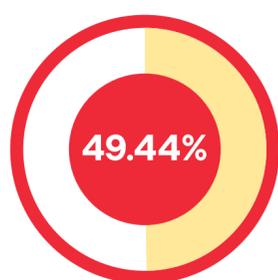


Professional service companies are implementing digital solutions to improve their market access and reach out to customers easily.

~58% MSMEs in this sector are above 50% maturity.



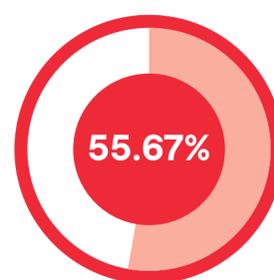
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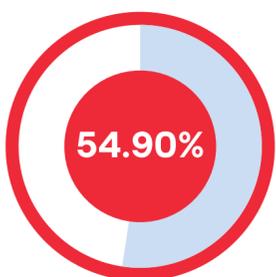
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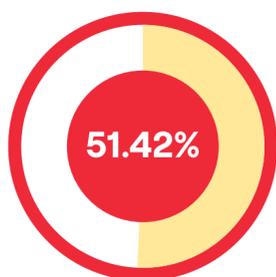


Digital solutions are powering efficient customer targeting, improving and offering better services for the tourism and hospitality sector.

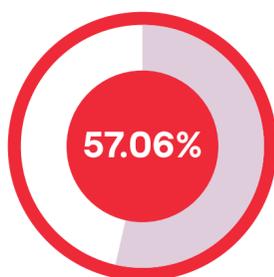
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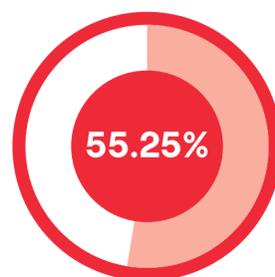
Digital Maturity



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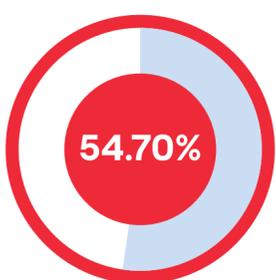
~45% are using lead management solutions to ensure efficient customer engagement across geographies.

~57% MSMEs in this sector are already using digital marketing solutions like emails, SMS and social media to reach out and engage with customers.

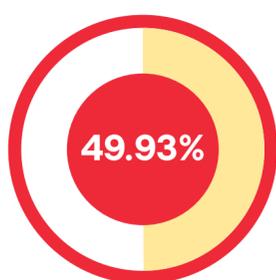


Education companies today are leveraging digital solutions to improve student accessibility and enhance teaching & learning experiences.

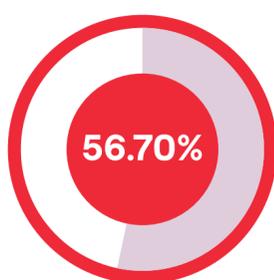
~57% MSMEs in this sector are above 50% maturity.



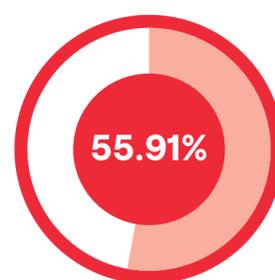
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~89% MSMEs in the sector are providing Postpaid mobility connections to their employees.

~49% are using web conferencing solutions like Google Meet and MS Teams to digitally boost teacher-student engagements.

~58% MSMEs in this sector are already using cloud-based office applications like MS office 365 and Google Workspace.

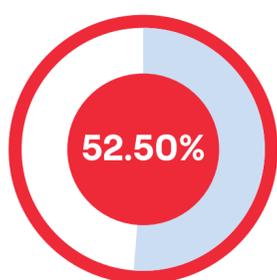


Financial services

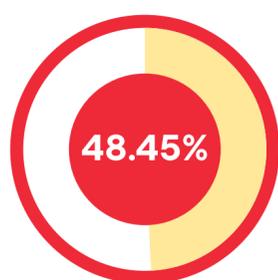


Digital adoption has helped the financial services sector to enhance their security levels and power collaboration between employees and customers efficiently.

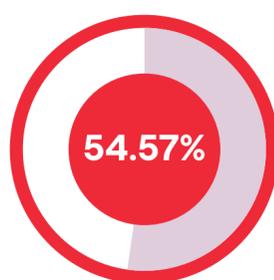
~54% MSMEs in this sector are above 50% maturity.



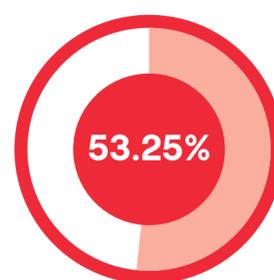
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~90% MSMEs in the sector are providing Postpaid mobility connections to their employees.

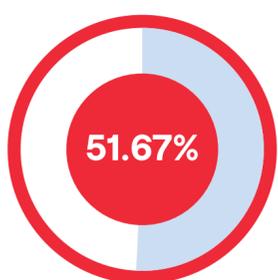
~40% have already adopted majority of the security solutions, with top adopted solutions being cloud-based security solutions and antivirus programs.

~54% MSMEs in this sector are already using cloud-based office applications like MS office 365 and Google Workspace.

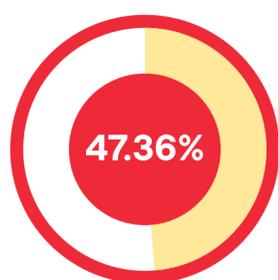


Companies in the retail sector are implementing digital solutions to improve their market access and reach out to customers easily.

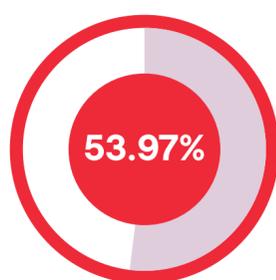
~54% MSMEs in this sector are above 50% maturity.



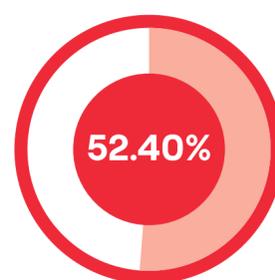
Digital Maturity



Digital Customer



Digital Workspace



Digital Business

Overall

~92% MSMEs in the sector are providing Postpaid mobility connections to their employees.

~58% are using open internet connectivity and WiFi to ensure retail stores are well connected across locations.

~52% MSMEs in this sector are already using solutions like emails, SMS and social media.



- In conclusion, digital customers, digital workspace and digital business, are the 3 pillars which will help MSMEs evaluate their digital maturity and help plan for their business transformation.
- Organisations that embrace these 3 pillars will accelerate their business transformation.
- For sectors like education, retail and hospitality relevant use cases exist for them to drive up their digital maturity. Regional education setups, local schools, coaching centers, kirana stores, travel agencies, and tourism centers can utilise digital solutions not just at their workspace, but also for reaching out to customers.
- We re-emphasize the merits of having business owners leading the digital transformation. For the next phase of growth, it will be critical for msme to evaluate a need for security and IoT solutions.
- While MSMEs continue to embrace tech, there is enough scope for various sectors - and organisations within these sectors - to significantly grow within the digital maturity space.



about ReadyForNext digital assessment

The Vi Business **ReadyForNext** digital assessment has been designed to help MSMEs understand where their business stands in their digital journey. It has been developed through a rigorous research effort, in partnership with our knowledge partner, Dun & Bradstreet. The ReadyForNext digital assessment helps MSMEs understand how future-ready they are and will give them an insight on the areas of business that need to be digitalised.

During July 2022 to March 2023, nearly 1 lakh MSMEs from 16 industries took the ReadyForNext digital assessment to understand their digital maturity.

Demographic distribution of the respondent MSMEs

Annual Turnover



Employee Strength



*Any business with an annual turnover of ₹250 Cr or less has been defined as an MSME in this report.

methodology

All responses received on the **ReadyForNext** digital assessment during July 2022 to March 2023 were aggregated and analysed, in order to draw insights represented in this report. Respondents indicated the level of adoption of key digital and technology solutions on a 4-point scale, in order to indicate whether such solutions are already in use, being implemented, on the drawing board for the future or no plans for implementation. The digital maturity scores and scores under the 3 pillars (Digital customers, Digital Workspace, Digital Business) was determined by analysing the level of usage of all such listed digital solutions. The tool also captured the digital culture characteristics of an MSME like leadership push for digital transformation, tracking of digital KPIs, etc. The data was then analysed at an industry level, product adoption level or a combination of both industry and product adoption, to arrive at the digital maturity information presented in this report. The data was also analysed to determine the key characteristics being displayed by a digitally mature MSME.

ReadyForNext digital assessment can be accessed [here](#)

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Enterprise Mobility



Communication



Connectivity



Security



IoT



Colocation & Cloud



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