

Can makers still adopt technology on a tighter budget?

A close-up photograph of a middle-aged man with a mustache, wearing a blue denim shirt, talking on a black mobile phone. He is in a workshop, with wood shavings and a workbench visible in the foreground. The background is slightly blurred, showing more of the workshop environment.

The financial benefits of technology investment

The operational benefits of technology investment

Low-cost, high-impact technologies

Introducing technologies incrementally

Taking advantage of current government support

Made Smarter's digital strategy support



The start of a new financial tax year signals a time for reflection when it comes to your budget. Whilst many manufacturers will immediately understand how to allocate resources for more standard outgoings such as staff costs and marketing, digital investment is often another story.

Some don't think they have the room in their budget for emerging technologies, especially if they're restricted due to a tough economic climate. However, you can still adopt tools, even on a tight budget. Here, we explain exactly how digital technologies are not just a viable option for the upcoming financial year, but an opportunity that can put you in a stronger financial position overall in terms of growth, productivity and cost savings.

The benefits of new technologies

It's tempting to recoup costs or prevent overspend to keep your budgets in check during economic uncertainty, but the advantages of digital mean that investment doesn't have to be a burden. In fact, transformation can leave you with a bigger budget to work with. This is because investing in technology can allow you to (among many other things) reduce inefficiencies and cut waste. On top of these benefits, you'll have fewer capacity and resource issues, and using technologies can even result in the creation of new jobs. Digital tools can actually increase your sales growth and give you an early adopter advantage – boosting your competitiveness as well as topping up future budgets.

Parity Medical, a MedTech manufacturer, were looking to reduce the number of miles that their sales and engineering teams needed to travel (around 270,000 every year!). With the support of Made Smarter, they invested in an off-the-shelf software package which allows them to work with customers via an online virtual showroom. This has the potential to cut annual travel by 30,000 miles and carbon emissions by 11 tonnes. As a result, they will achieve substantial financial savings, efficiencies and a better service offering to customers.

The financial benefits are backed up by evidence too. A report by the **SAP Center for Business Insights and Oxford Economics** found that 80% of organisations experience a boost to profits following a digital transformation. 85% manage to raise their market share, and 23% anticipate higher revenue growth than their competitors.

There's proof of the disadvantages of not using technologies as well. A **McKinsey survey** revealed that 40% of those who have reported significant hits to their revenue in the last few years are behind their competitors when it comes to using digital technologies.



Digital investment myths

Even despite these advantages, you may hesitate when it comes to the idea of investment. What if you finance the adoption of a digital tool, but then can't afford other key areas whilst you wait to see a return? Well, digital technologies don't actually have to be a massive expenditure.

Many new technologies aren't expensive, and nor do you have to spend a significant amount of money on consultancy fees to build a digital strategy or expert support to ensure you implement the right tools for your business. Low-cost technologies include 3D printers as well as data and systems software, and require very little cultural change.

Panaz, a textile manufacturer, adopted an end-to-end custom digital printing solution that is set to double their production and achieve a significant return on investment. When they approached Made Smarter for support, they were at capacity with their production and thought they couldn't grow their business any further. Now, customers have more creative freedom, and the design process is more efficient – reducing turnaround times from two weeks to two days.

You can additionally introduce technologies incrementally, saving you from spending a lot of money upfront. In this way, small investments will be able to make a great financial impact on your business, as well as give you the opportunity to see whether the tools will work for you and how much value they'll provide – both for yourself and any relevant stakeholders. You'll then be able to create a business case for further investment.

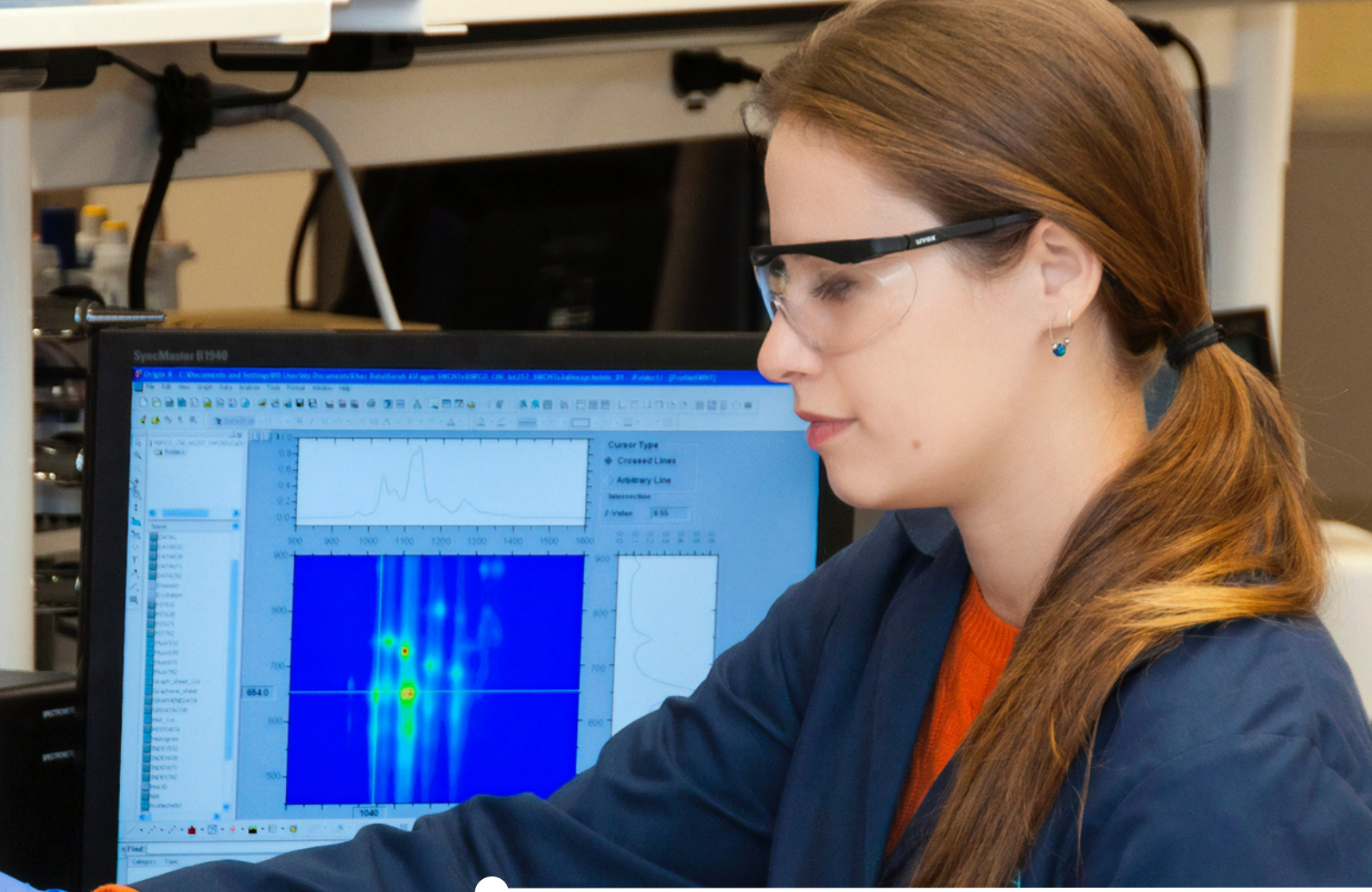


Why it's important to act now

There are so many reasons why you shouldn't defer your digital investment – a key one being that, if you fund it now, you'll save money in the long run. Plus, the advantage of starting small is that you can keep any concerns related to wasted investment at bay. You'll be able to bite the bullet, and actually make your digital journey a priority across your entire business.

What's more, you can benefit from the current support measures on offer to enable you to invest into digital tools. The government is still keen focus on innovation, growth and recovery following the coronavirus pandemic. (As shown in **Jeremy Hunt's Spring Budget 2023**).

The Chancellor announced a policy package to "boost investment, increased support for R&D, and simplified the tax system for SMEs. that included an extension to the 50% first-year allowance (FYA) for another three years, to the 31st March 2026. This lets taxpayers deduct 50% of the cost of other plant and machinery, known as special rate assets, from their profits during the year of purchase.



There could be funding available for projects that will benefit the environment too. The government is **contributing £12bn** to support the UK in reaching its 2050 net-zero goal. So, if you're aiming to **make your manufacturing business more sustainable**, now could be the perfect opportunity.

On top of this, Made Smarter can help businesses with fewer than 250 employees (SMEs) adopt industrial digital technologies with the help of technology adoption grants. These can be used alongside other tax relief options to drive growth and productivity. If you're struggling to see how new technologies will fit into your strategy, then we can help you there too. We can run a **digital transformation workshop** with your business, completely free of charge, where we get to know your challenges and opportunities and show you exactly how value can be added through emerging technologies.

The time to start and invest in your digital journey is today – **speak to the team here at Made Smarter**.