

TIPSHEET

# CONSIDERATIONS FOR SMB TECHNOLOGY PURCHASING FOR THE NEW FINANCIAL YEAR

THE RAPID GROWTH  
OF THE DIGITAL BUSINESS  
ENVIRONMENT IS NOW  
PUTTING MORE PRESSURE  
ON SMALL AND  
MEDIUM-SIZED BUSINESS  
(SMB) TO TRANSFORM  
TECHNOLOGY.

A recent survey found that 63 per cent of SMBs transitioned to digital operations in the past year, while 73 per cent upgraded their communications networking hardware.

According to analyst IDC, SMBs are accelerating their digitalisation journeys to achieve a sustainable competitive advantage in a rapidly evolving, and largely unstable economic landscape. In fact, within the next two years, digital-first businesses will drive empathetic customer experiences and resilient operating models.

This means that any business that chooses not to adopt digital solutions will likely fall behind as the digital economy continues to expand.

On the flip side, the single most important factor for sustained business growth is optimising cash flow. The simple truth is that it doesn't matter how much money a business is generating every month; if it doesn't have cashflow on hand when it's needed, the business may still struggle to survive.

The problem SMBs face when considering investment in digital transformation is the necessary technology is not usually available at a low upfront cost, even when vendors offer discounts.

However, there is a way that SMBs can maintain cashflow, invest in their core business, and digitally transform to futureproof their business all at the same time. It involves viewing technology investments as a tool to drive business growth, and not purely as a cost-saving exercise.

If you're looking to digitally transform your SMB in the new financial year, there are three things to consider so that your business can gain the technology you want when you need it, while maintaining the working capital required to sustain and grow your organisation.



## Three things to consider when buying business technology

1

### What does your business aim to achieve in the next 12 months?

Many SMBs needed to adapt in the changed business environment. When looking at new investments, it's a good time to consider how your business has changed and what your goals are for the next 12 months. Also, consider any market changes that may impact your operations. With this in mind, identify what software, hardware, and IT services the business will need to achieve its goals.

It is important to have a digital roadmap in place that covers the entire technology ecosystem required to deliver business outcomes across all areas of operations. This may include networking or cloud-based technology solutions, which can improve efficiencies and eliminate costly manual processes, for example. As part of your digital roadmap, plan how the technology will help your business scale to accommodate changing market and customer needs.

2

### What are the financial incentives for new technology?

Digital transformation can improve operational efficiencies that reduce costs, generate more revenue, and boost cashflow. To help business acquire the technology they need,

the Australian Government is providing more tax incentives to SMBs that invest in digital transformation in the 2022-23 financial year with the Small Business Technology Investment Boost. This lets businesses with less than \$50 million aggregated annual turnover claim a bonus 20 per cent deduction for expenses and depreciating assets of up to \$100,000 per year, in addition to the ability to instantly write-off assets. Ultimately, SMBs can write off \$120 of every \$100 they spend on digital solutions such as cloud-based services, hardware like portable payment devices, and cybersecurity.

3

### How do I fund the technology?

There are many flexible financing options available to meet specific business needs. Services such as extended payment options or leasing and rental payment plans, make it much easier to plan and commit to technology purchasing without prohibitive upfront costs. This helps increase the purchasing power of the business while taking advantage of working capital.

With the right payment option, you can affordably realise the benefits of new technologies with minimal impact to cashflow. In fact, the benefits generated by the technology may result in it effectively paying for itself, especially given the current tax incentives. In this way, you can easily overcome the challenge of sourcing the start-up capital required to invest in the technology that will grow the business. Instead, you can spread affordable payments over time to get your cashflow really working for your business. This also avoids the pitfall of using short-term credit facilities, such as a bank line of credit, for your long-term business needs.



TO LEARN MORE ABOUT  
HOW TO COST-EFFECTIVELY  
ACCELERATE YOUR  
DIGITAL TRANSFORMATION  
JOURNEY, CONTACT THE  
BIDFIN TEAM TODAY.

It's important to work with the right technology financing partner that can help you answer these questions and provide a funding solution that works best for your business needs. With the right technology purchasing solution, you can bundle your digital transformation technology into a smooth and predictable monthly payment.

BidFin is the payment solution partner for business. It can help you fund the technology your business needs today with its range of customer centric payment options that will accelerate your digital transformation by letting you pay for technology as its benefits are realised.

- 
1. <https://www.verizon.com/about/news/small-businesses-technology-key-ally>
  2. <https://www.idc.com/getdoc.jsp?containerId=AP47375021>
  3. <https://www.idc.com/getdoc.jsp?containerId=prAP48823322>
  4. <https://www.pm.gov.au/media/digital-and-skills-tax-boost-small-businesses>



+61 2 8277 4541 • [info@bidfin.io](mailto:info@bidfin.io)

**bidfin.io**

