Maximizing Tech Investment

Pursue the new by fortifying cash flow, providing employees with technology resources, and preparing for upcoming opportunities

Windows 10

Smarter technology for all

Lenovo

Responding to Disruption

The COVID-19 crisis has created an imperative for companies to reconfigure their operations—and an opportunity to transform them. New ways of working, new technology, and greater digitization aren't simply a response to the pandemic. They are the new path going forward.

Small Business Owners that have weathered and even thrived during trying times have been astute and steadfast in their approach to cash flow. They have spent wisely, looking to maximize the return on every precious dollar, as they responded with extreme agility to rapidly changing conditions.

In the past two years, Small Businesses have constantly had to examine and reimagine their use of technology and financial practices. Last year, for example, **23% of Small Business Owners took financing for the first time ever.**[1]

> In response to the crisis, many executives report that they were able to move 20 to 25 times faster than they thought possible on key areas like building supply chain redundancies and improving data security.[2]

As the return of consumer confidence unleashes a global consumer rebound, those principles of innovation, flexibility, and productivity will remain just as critical. To take advantage of new opportunities in the new worldwide landscape, Small Businesses must be agile with their thinking, with their actions, with their technology, and with their investments as they stay critical to communities across the globe.

Lenovo

[1] After a Trying Year, 82% of Small Businesses Aim for Financial Stability as Optimism Abounds for 2021." Feb. 4, 2021. Squareup. Available here: https://squareup.com/us/en/press/survey-findings-small-business-outlook-and-financial-habits

[2] The next normal arrives: Trends that will define 2021—and beyond. McKinsey Global Institute. October 2020. Available here: https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond

Mixture of Hope and Worry

73%

of business owners are concerned for their success over the next six months[4]

85%

are confident they will still be operating six months from now[4]

Small Business Owners are optimistic about the U.S. economy, with

60%

feeling confident that the outlook for the U.S. economy will be favorable to businesses in 2021[4]

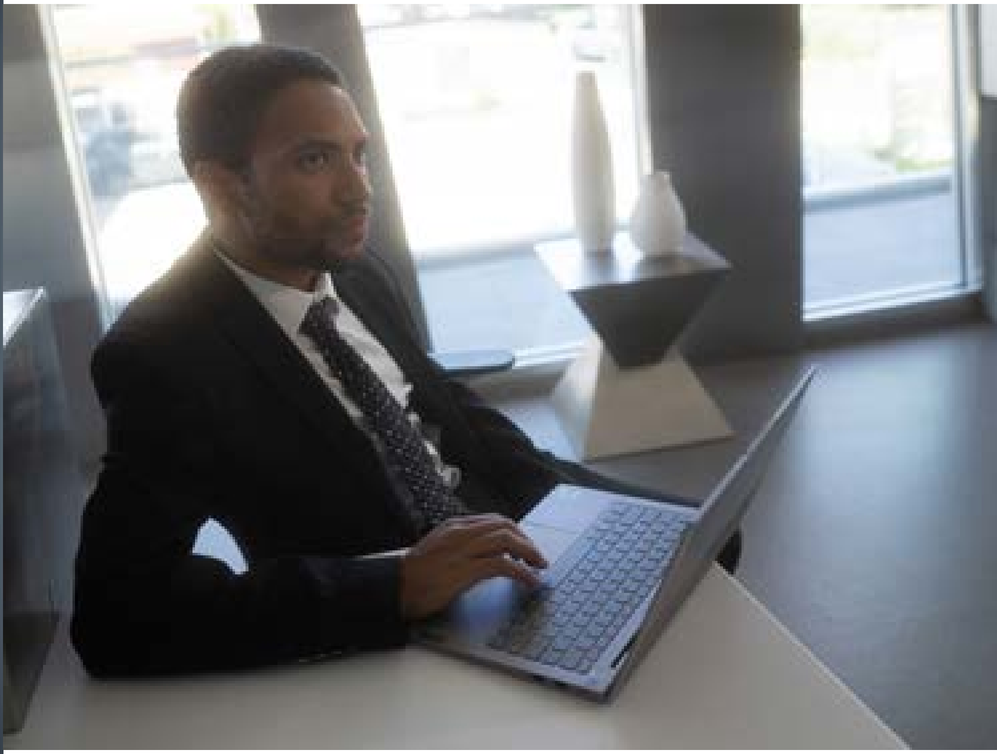
This sober optimism means that Small Business Owners know they have to be prepared to take advantage of the new opportunities and to fine-tune their operations to react to the unexpected. They must spend wisely, and equip their employees with the right resources for anything that's ahead, with the realization that the unexpected is the new normal.

Cautious Optimism

China, the first country to be struck by the COVID-19 pandemic, was also the first to emerge from it. China's consumers are showing their relief by opening their wallets. November 11 was Single's Day in China, an unofficial holiday and shopping season that celebrates people who are not in relationships. The country's two largest retailers racked up record sales. The spending wasn't just holiday giddiness, either. Except for international air travel, Chinese consumers are acting—and spending—largely as they did before the crisis.

Countries with younger populations, like India and Indonesia, are the most optimistic about the economic recovery. All previous economic downturns have been marked by "revenge shopping," as pent-up demand is unleashed. Signs of that behavior are emerging on many continents. **In Australia, where the pandemic was largely contained, spending on goods and services rose a robust 7.9% in the third quarter of 2020.[3]**

Small Business Owners in the U.S. are cautiously optimistic about the next six months, even as shaky supply chains concern them.



[3]The next normal arrives: Trends that will define 2021—and beyond. McKinsey Global Institute. October 2020. Available here: https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond

[4]"Most Small Business Owners Remain Optimistic Going Into 2021." December 2020. Small Business Trends. Available here: https://smallbiztrends.com/2020/12/capital-one-small-business-optimism-2021.html. "From Taxes to Technology: Business Owners Look Ahead to 2020. Capital One. December 2020. Available here: https://www.capitalone.com/about/newsroom/looking-ahead-2020-business-owners/

In just the third quarter of 2020, the U.S. saw 1.5 million new business applications.[5]

France saw

84k

new businesses formed in October, the highest ever recorded.[5]

During the COVID crisis,

76%

of Small Businesses relied more on digital tools than before.[5]

Driven by Digitization

Even as the COVID-19 pandemic brought enormous struggles, it also provided unexpected opportunities. Many of those opportunities hinged on Small Businesses maximizing the value of their technology investments.

While the pandemic caused many businesses to shutter, many new businesses appeared. Just **in the third quarter of 2020, the U.S. saw 1.5 million new business applications—almost double for the same period in 2019 before the pandemic.**

Even as the European Union focused its recovery strategy on protecting jobs rather than income, **France saw 84,000 new businesses formed in October, the highest ever recorded.** From Japan to Germany, countries around the globe saw increases in new businesses.[5]

Digitization exploded. All sorts of Small Businesses were thrust into the digital age. For example, a massage studio offered online sessions to teach clients how to perform massage therapy on themselves. Hairstylists used video conference tools to guide clients through cutting their own locks. Bookstores hosted online happy hours and author chats.

Small Businesses made their services available through contactless delivery. They had employees learn new skills as their business models changed. They found new revenue streams, such as converting production lines to make products, like hand sanitizers, which were suddenly in huge demand. But, most of all, they adopted new technology processes.

During the COVID crisis, 76% of Small Businesses relied more on digital tools than before.[5]

> A survey by the Society for Human Resource Management (SHRM) found 43% of Small Businesses found innovative ways to stay in business during the pandemic.[6]

[5]The next normal arrives: Trends that will define 2021—and beyond. McKinsey Global Institute. October 2020. Available here: https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond
[6]"Small Businesses Get Creative to Survive During the Pandemic." September 19, 2020. SHRM. Available here: https://www.shrm.org/hr-today/news/all things-work/pages/small-businesses-get-creative-to-survive-during-the-pandemic.aspx

Zeroing in on the Most Critical Technology

In this landscape, Small Businesses felt pressure to keep up with the latest technology, from cloud computing and mobile apps to Customer Relationship Management and artificial intelligence. However, busy entrepreneurs often feel overwhelmed by the wealth of technology options, and the lack of a dedicated IT department to guide them.

Smart companies didn't try to do everything, but looked for technology that could improve sales and customer satisfaction—the interlinked benchmarks that provide the most direct route to success for many companies.

[7] "With Small Businesses Permanently Changed by The Pandemic, Owners Looking to Vaccine-Driven Recovery, PNC Survey Shows." March 1, 2021. PNC. Available here: https://pnc.mediaroom.com/2021-03-01-With-Small-Businesses-Permanently-Changed-By-The-Pandemic-Owners-Looking-To-Vaccine-Driven-Recovery-PNC-Survey-Shows

Pandemic Drives New Technology Usage

56%
of Small Businesses increased use of one or more technologies since the outbreak began.[7]

3 in 10
increased uses of technology to improve workforce productivity.[7]

38%
applied new technologies to improve the sales process in the form of electronic or touchless payment systems or electronic/website-enabled sales.[7]

Lenovo

Getting Your Financial House In Order

The pandemic was a case study in the importance of Small Businesses having their financial house in order. As Small Business owners balanced hope and worry, they had to address their top financial challenges: Limited or inconsistent cash flow, unforeseen expenses, not raising sufficient capital, and neglecting necessary reporting.

As the economy hummed along in early 2020, the pandemic was a tragic reminder that unforeseen circumstances, and unforeseen expenses, can derail the most meticulously thought-out plans. Small Businesses that had built up a rainy-day fund had a cash reserve that enabled them to get through tough times and pivot, and grow when the time is right.

Carefully preparing for such times is critical. **Over the past decade, 20% of Small Business owners who applied for funding during that span were denied**, according to Nav's Small Business American Dream Gap Report. A more telling statistics is that **82% of all business owners didn't know how to interpret their company's credit score**. The research also shows that **individuals who have a better understanding of their business credit scores are 41% more likely to be approved for a loan.**[8]

Small Business Cash Flow Tips in Uncertain Times from Microsoft 365

Start with the numbers
Figure how much is going out and how much is coming in. Then do the basic math. The bigger the cushion, the better your odds of surviving a disruption to cash flow.

Get employees' input
Put together a company survey or hold a virtual meeting. Where would they cut, what could they do without, and in a worst-case scenario, who could best afford a furlough?

Keep accounting accurate, up-to-date
Reconcile bank accounts and accounts payable and accounts receivable weekly, if not more. Set time aside, same time each week, to do this.

Know where your cash flow comes from
If you lost that top customer or best business day, could you survive? How would you replace that customer or that day's worth of business? Would they stay with you through a crisis?[9]

Case Study: The Many Benefits of Sound Bookkeeping

Incomplete or messy books can cause Small Businesses to lose out on tax deductions, or cause tax authorities to focus in on irregularities, like failing to track taxes associate with sales or payroll. Just as important, a clear picture of income, expenses, and profits puts a Small Business owner in position to take quick actions. Not to mention those Small Business Owners were better prepared to file for grants and loans.

Sound bookkeeping practices provide a way to maximize the value of your capital resources. They go hand-in-hand with savvy use of technology.

[8] "10 Top Financial Challenges for Small Businesses and How to Overcome Them." Oracle. September 2020. Available here: https://www.netsuite.com/portal/resource/articles/business-strategy/small-business-financial-challenges.shtml
[9] "Maintaining cash flow through uncertainty." March 20, 2020. Microsoft. Available here: https://www.microsoft.com/en-us/microsoft-365/business-insights-ideas/resources/maintaining-cash-flow-through-uncertainty

Digital Services Bolster Cash Flow

76%

of Small Businesses became more digital during the pandemic, with 82% changing how their business sends and receives payments.[10]

With difficulty around cash flow and collecting payments,

50%

of Small Businesses added a new digital service for collecting funds.[10]

With

68%

saying cash and check deposits take too long, Small Businesses decreased their use of cash and checks more than any other payment types during the pandemic.[10]

Lenovo

Focus on Productivity and Forecasting

Productivity was the foundation of the economic success of the postwar era. Led by rising business investment and technology diffusion, Germany, Japan, and other war-torn economies built world-class industries in sectors ranging from cars and luxury goods to steel and energy.

Pushing the frontier on innovation and technology is the other way to boost productivity. Sustained, long-term growth from this point forward will stem from Industry 4.0, meaning the use of advanced technologies such as artificial intelligence (AI), robotics, genetics, biomedicine, and the Internet of Things.

The pandemic and attending economic downturn showed how unpredictable cash flow can become during disruption. Clients may delay payments, suppliers demand cash upfront, and lenders can call loans, squeezing the company's cash balance and liquidity. Companies without cash on hand may be forced to pay bills late, curtail operations, and delay salary payments to employees. This can impair a company's ability to secure financing.

Companies should develop cash flow forecasts based on historical performance and current conditions. The "what if" scenarios that are key to developing a realistic financial plan must factor in contingencies like industry changes, economic downturns, and customer shifts. With the pandemic causing a host of "what if" predicaments to appear at once, scenario planning has risen to the top of many companies' to-do list. They don't want to be caught unprepared for the next crisis, whatever that crisis might be.

[10]"Mastercard Study Shows COVID-19 a Catalyst for Digital B2B Payments Adoption" August 25, 2020. Mastercard. Available here: https://www.businesswire.com/news/home/20200825005299/en/Mastercard-Study-Shows-COVID-19-a-Catalyst-for-Digital-B2B-Payments-Adoption

Consider Private Equity (PE) Investment Opportunities.

Globally, Private Equity firms are sitting on almost $1.5 trillion of "dry powder"—unallocated capital that's ready to be invested. While global deal value declined during the pandemic, global fundraising remained steady, reaching $348.5 billion through September 2020.[11]

Small Businesses need to position themselves to capture these investment dollars, and to fend off competitors who are seeking out these investments as well. With all the dry powder that is available, the investment scene could explode, propelling a new period of innovation for companies that are ready to take advantage of the situation.

Those investment dollars will go to the best-run companies, who use technology to give themselves the maximum advantage, since technology has become a critical component of every aspect of business, from customer satisfaction to employee productivity.

[11]The next normal arrives: Trends that will define 2021—and beyond. McKinsey Global Institute. October 2020. Available here: https://www.mckinsey.com/featured-insights/leadership/the-next-normal-arrives-trends-that-will-define-2021-and-beyond
[12]"Maximizing the impact of technology investments in the new normal." February 3, 2021. Available here: Deloitte. https://www2.deloitte.com/us/en/insights/focus/cio-insider-business-insights/impact-covid-19-technology-investments-budgetsspending.html?id=us:2sm:3fb:4ciotechinv::6di:20210204200000::4465029806:5&utm_source=fb&utm_campaign=ciotechinv&utm_content=di&utm_medium=social&linkId=110667629

Maximizing Tech Investment Is "New Normal"

Deloitte cites the developments that require savvy businesses to maximize the impact of their technology investments:[12]

Remote work
Tools are needed that virtually and securely bring people together and help them collaborate, no matter where they are.

Digital economy
Stay-at-home orders have ushered in a new wave of digital technologies that drive e-commerce, telehealth, online learning, contactless payments, and other online consumer trends.

Supply chain enhancements
COVID-19 exposed major supply chain weaknesses, and thus became a surprise catalyst for the adoption of resilient supply chain analysis and management solutions.

Automation
Workforce shortages required organizations to look for opportunities to automate processes and reduce human involvement, with automation often taking on tasks that humans didn't want to or couldn't do.

Lenovo

Advancing Financial Function with Microsoft 365

Microsoft 365 is the productivity cloud designed to help employees achieve what matters, in work and life, with best-in-class Office apps and intelligent cloud services.

To help customers navigate this complex data landscape, Microsoft is focused on delivering secure, intelligent, and user-centric solutions that provide visibility, reduce complexity, and mitigate risk.

To stay competitive and innovate, finance leaders need to connect their operations and leverage the latest intelligent tools. Microsoft is empowering the finance function with the infrastructure, power, scale, and intelligence to help them modernize and transform their businesses.[13]

By combining unified data in the cloud with powerful data visualization tools, Microsoft provides finance leaders with a single source of visibility into their operations—from technology to financial data—so they can make more informed decisions.

As the pace of modern business accelerates, finance leaders are looking to streamline processes and get more done. Microsoft tools allow companies to automate workflows and simplify communication so they can improve efficiency, performance, and productivity.

A Forrester study found that implementing a cloud-based Dynamics 365 Finance brought a 3.4% Total Cost of Ownership (TCO) savings, 109% ROI, and a six-month payback period.[13]

Microsoft 365

> Dynamics 365 is and will continue to be a cornerstone piece as we look to expand our business.[13]

[13]"Top eight trends every CFO should know about the future of finance." 2020. Microsoft. Available here: https://clouddamcdnprodep.azureedge.net/gdc/gdc3yeMjY/original?ocid=mkto_eml_EM633386A1LA1

Be Productive Everywhere

Microsoft provides collaboration and finance tools that help Small Businesses address the twin goals of better productivity and improved cash flow.

Microsoft 365 is a cloud-based, subscription service that includes the latest versions of Office applications, Outlook, and hosted services. When your teams can connect, share, and collaborate without barriers, your business can evolve in ways you might never have imagined. With this powerful resource, your teams can:

- **Be productive anywhere:** Get work done with productivity solutions and stay connected with your employees and clients whether you're working remotely or onsite. Easily share documents in the cloud, collaborate, and connect via email and calendar.

- **Always available:** Have peace of mind knowing your services are available with a guaranteed 99.9% uptime, financially backed service-level agreement.

- **Security built-in:** Keep customer data safe with help from cutting-edge security and proactive monitoring, protecting you against cyber criminals that increasingly target Small Businesses.

- **Easy to set up:** Deploy and manage Microsoft 365 across your company, with no IT expertise required. Add and remove users in minutes, giving you the agility that the modern business landscape requires.

In addition to the collaboration tools, Small Businesses can optimize their financial operations with Dynamics 365 Finance. Powerful capabilities allow you to make data-driven decisions that will help your business grow and remain agile.

- **Maximize financial visibility and profitability.** Assess the health of your business, improve financial controls, and make timely decisions to drive agility and growth using comprehensive, real-time financial reporting, embedded analytics, and AI-driven insights.

- **Cash-flow forecasting.** Analyze upcoming cash flow and currency requirements, so that you can estimate the company's future need for cash.

- **Reliably predict customer payments.** Proactively reduce write-offs and improve your margins by understanding if and when your customers will pay their invoices. This can help manage and reduce one of the riskiest issues that Small Businesses confront.

- **Increase your team's productivity.** Automate menial tasks and prioritize impactful fiscal work with a solution that works seamlessly with Microsoft 365 and offers role-based workspaces and predictive insights.

Strong teamwork and communication create the robust foundation you need to help your business succeed. Solid financial planning ensures you have the resources to maximize your team's efforts. Put both capabilities to work, so your business can thrive.

Microsoft 365

Lenovo Solutions

Lenovo provides the tools that workers need to stay ahead of the game, and maximize the value of tech investments.

ThinkBook 14 Gen 2 Laptops. Engineered for today's workplaces at an attractive price.

- Navigate effortlessly between apps and see your work in sharp resolution on the Full High Definition (FHD display), reducing eyestrain.
- Enjoy crystal clear conference calls with Whisper Voice, a new AI-based noise cancellation algorithm that blocks screaming children, barking dogs, home appliances, and other disruption from your calls while you work remotely.
- Keep your information secure with the most up-to-date hardware security features.

LenovoPRO. Empowering Small Businesses to think big.

LenovoPRO is a Small Business store that helps you earn business savings, unlocks 1:1 support, and simplifies your IT. Visit https://smbcommunity.lenovo.com for these community benefits:

- **Community Discussion Groups:** Find insights and support to empower your organization.
- **Resource Library:** Full of educational content ranging from articles, webinars, videos, and more, this database will keep you current with education geared specifically towards Small Businesses.
- **Points & Rewards:** Earn points, badges, and rewards just for being a participating member of the community. The more you engage, the more points and badges you earn.

Lenovo provides numerous ways to help you protect these critical technology investments:

Warranty Extensions. Lenovo's flexible warranty options are designed for cost efficiency, improved service levels, and end-user satisfaction with warranty extensions. A variety of options meet different needs.

Warranty Upgrades. Depending on your hardware, you can upgrade to depot service, onsite service, and onsite with customer replaceable units. On-site provides parts and repair coverage where labor is provided at your place of business.

Accidental Damage Protection. With today's highly mobile users, the unexpected is bound to happen, even to exceptionally engineered PCs. Lenovo's mobile repair data indicates that a significant percentage of users will experience non-warranted damage within the first three years of the PC's life cycle. Accidental Damage Protection offers significant savings relative to uncovered repairs.

Premier Support. Quickly resolve all of your support issues using Lenovo's Premier Support Services. A dedicated 1-800# and single point of contact for end-to-end case management for OEM software and hardware support. You'll get courteous, consistent communication from a skilled technical troubleshooter who will listen first, then provide a solution.

Start Your Engines

People have opened their eyes to what is possible, and the new expectations for speed, agility, and innovation will persist long after the pandemic has thankfully been consigned to history books.

Small Businesses are critical to communities. Their success creates an ecosystem that supports those around them and, in turn, strengthens those communities.

While Small Businesses were the first to feel the effects of COVID-19 last March, their smaller operations allowed them to respond faster and adapt with technology. **Nearly one-third of Small Business owners said that without digital technology, they would have been forced to close all or part of their business.**[14]

For example, as customers reached out through the Internet, overwhelmed customer service departments were fortified with live chat features on their web site. The response to such features encouraged companies to experiment with chatbots and other artificial intelligence. Such innovation was quickly embraced by all functions, driven by need and expectations.

Now as they look to take advantage of new opportunities, Small Businesses must build on the lessons from the past two years and position themselves with the technology, resources, and processes to make the next leap as the world recovers.

It all starts with maximizing value from every technology and every other investment. In a time of heightened expectations, and ever-changing conditions, nothing can be wasted, and nothing can be left to chance.

For more information about how Lenovo Small Business solutions can improve performance and maximize value, visit Lenovo.com. To see how Microsoft 365 can support your business objectives, visit Lenovo.com/Office365.

[14]"7 Ways Technology Is Helping Small Businesses During Covid." November 20, 2020. Dallas News. Available here: https://www.dallasnews.com/business/2020/11/20/7-ways-technology-is-helping-small-businesses-during-covid-19/

Pursue the new and discover how smarter technology improves performance, maximizes your tech investment, and allows Small Businesses to strengthen their financial position by visiting Lenovo.com/vsb.

Smarter technology for all

Lenovo recommends Windows 10 Pro for business