

SME Digitalisation in Hungary 2024

*Research among small and medium-sized
enterprises*

Digimeter project - Spring 2024



*The summary for any purpose
may only be used with a precise reference!*



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Background to the research



Background of the Hungarian Digimeter measurement system



- ✓ Since 2020, the Digimeter research series has been examining the digitalisation of the Hungarian SME sector twice a year. Once with a comprehensive large sample survey, once with a specific research using a variable methodology.
- ✓ The results of the research are freely available in the form of press releases, podcasts, interviews, flash reports and scientific analysis at <https://digimeter.hu/> (mainly in Hungarian).
- ✓ Based on the measurements, any domestic company can get an idea of where it stands in digitalisation compared to its competitors. To this end, the My Digimeter system will be renewed by the end of 2024 and will be an artificial intelligence-based conversational system that will measure digital readiness levels in a company-specific way.
- ✓ In 2021, we created the Digimeter Award to reward the best performing Hungarian SME companies based on research results.
- ✓ In 2024, the Digimeter will become an association to become as widely known as possible. The Association is open to individuals or companies who can identify with the central objective of helping SMEs to digitalise.

Digimeter founding members and project sponsors



Founding partners:



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Main objectives of the Digimeter



- ✓ Annual measurement of the determinants of digital competitiveness in a transparent research framework.
- ✓ Based on the data received, the creation of the so-called *Digital Competitiveness Index* as a *main index*.
- ✓ In addition to the (main) index, *sub-indices* are developed along some of the priority digital *dimensions*.
- ✓ *Providing feedback* to individual *SMEs* on where they stand in their segment in terms of digital competitiveness.

Data collection & methodology



Target group: companies with 5-249 employees and a net turnover of less than HUF 18 billion (~47 million EUR)



Methodology: CATI – Computer Assisted Telephone Interviews



Sample size: n=600

Nationally representative, multi-stratified data collection



8 regions



4 sectors



number of people employed

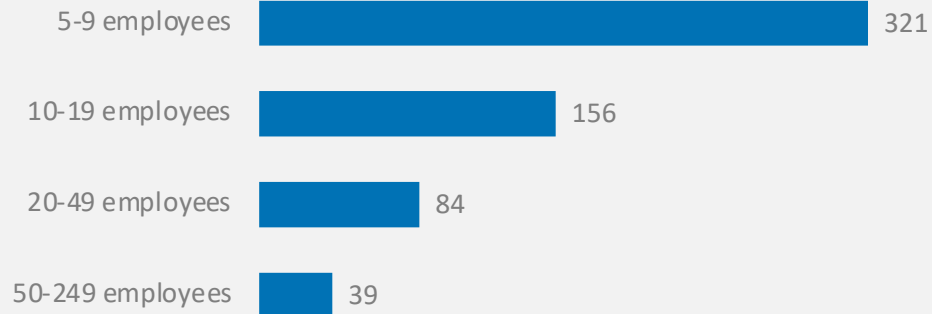


Data collection date: 7-20 February 2024.

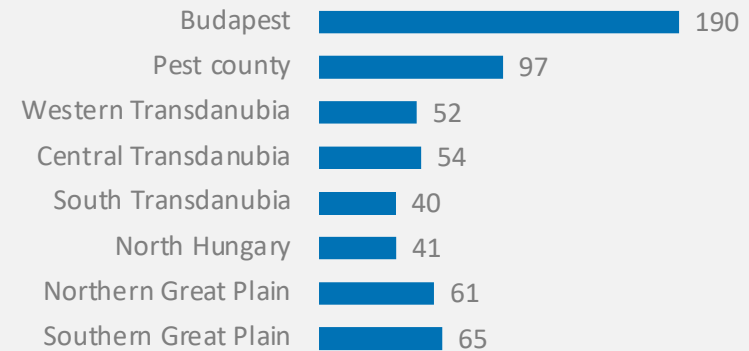
The sample (company)



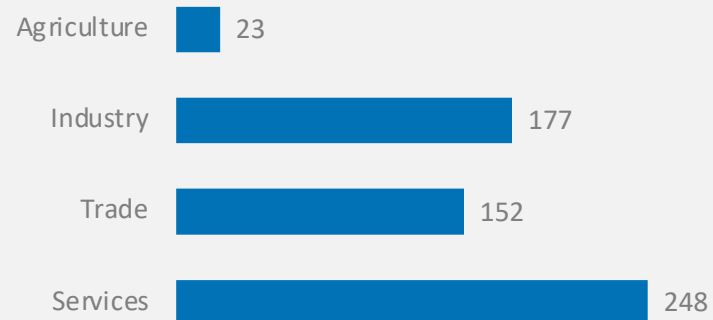
Number of people employed



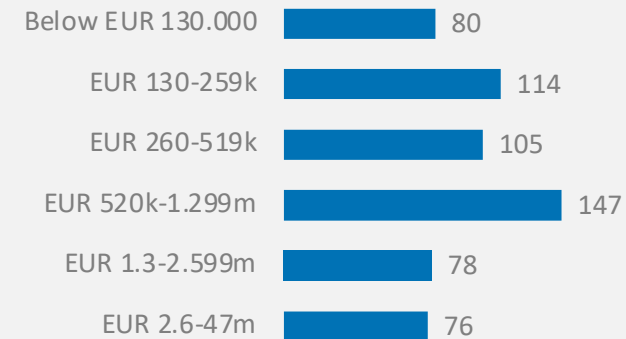
Regions



Sector



Turnover (2023)





Executive summary

Summary of findings

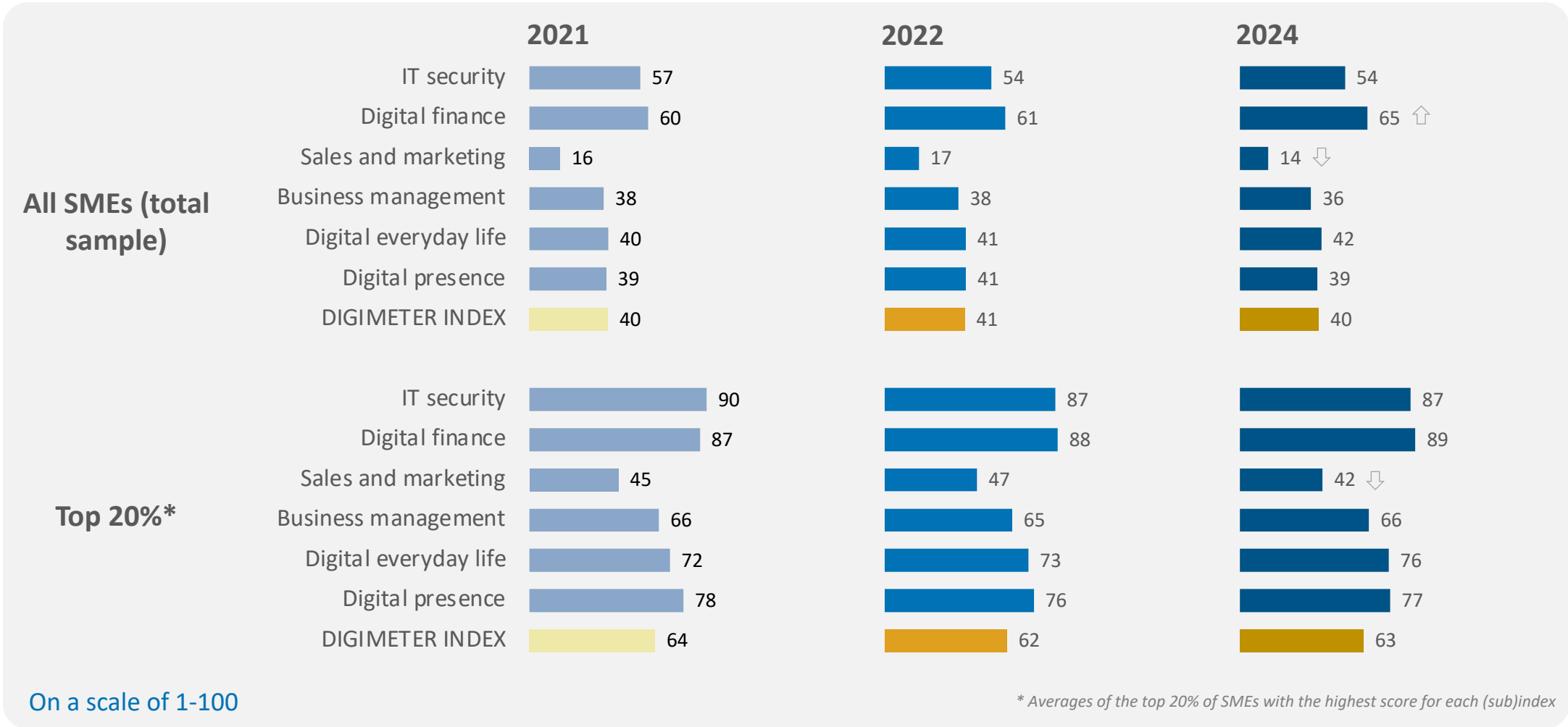


- ✓ Overall, the digital development of Hungarian SMEs has not changed significantly since September 2022, the last comprehensive Digimeter measurement.
- ✓ Digital presence: fewer companies have an online webshop compared to 2022, while the share of companies with a Google Business Profile account has increased significantly, exceeding the 2021 level.
- ✓ Digital everyday life: the possibility to work from home is becoming more widespread, and the share of companies using teleconferencing software and collaborative chat software has continued to rise.
- ✓ Business management: the share of firms with an ERP system has recovered to 2021 levels, but slightly more firms are using a cloud or hybrid solution than in previous years. Slightly fewer firms are collecting data to use for their business decisions, and the proportion of firms using paper-based methods has fallen.
- ✓ Sales and marketing: the use of online customer acquisition tools and the share of online advertisers has fallen significantly - the latter due to a decline in Facebook advertising - and fewer companies are selling online than before.
- ✓ Digital finance: the share of businesses using cloud-based invoicing systems has increased and the share of businesses able to issue and receive e-invoices has also increased.
- ✓ IT security: the share of VPN users has increased significantly, although it is still below the 2021 level. After the improvement in 2022, the percentage of companies that do not automatically back up files is higher again.

Digimeter Index



Digimeter index and sub-indices (averages) 2021-2024



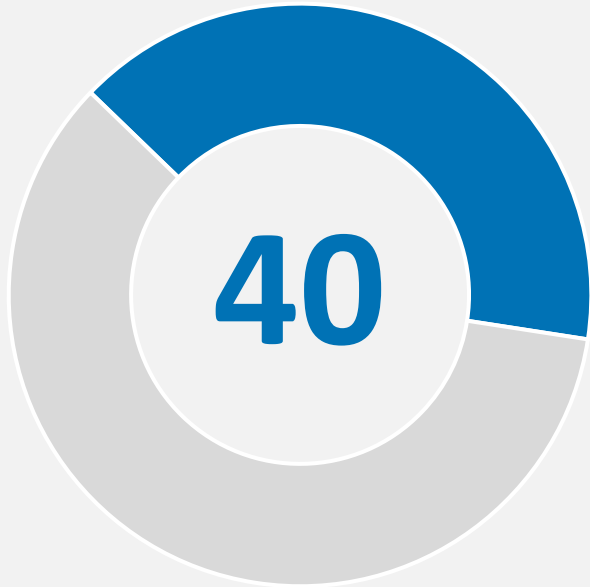
↑↓ Significant difference compared to the previous year

Source: Digimeter research, Spring 2024
 Total sample: 2021=757, 2022=674, 2024=600
 TOP20: 2021=152, 2022=138, 2024=119

The data may only be used with specific reference to Digimeter



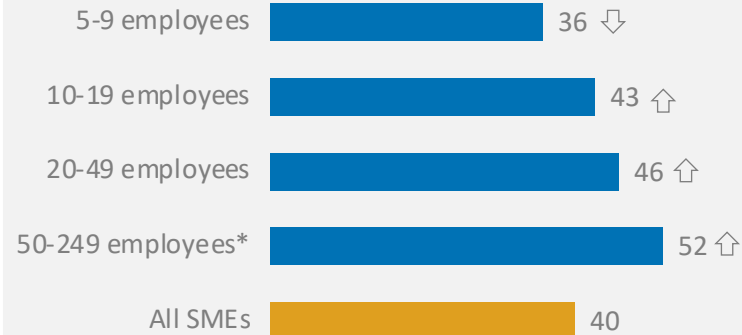
Digimeter Index



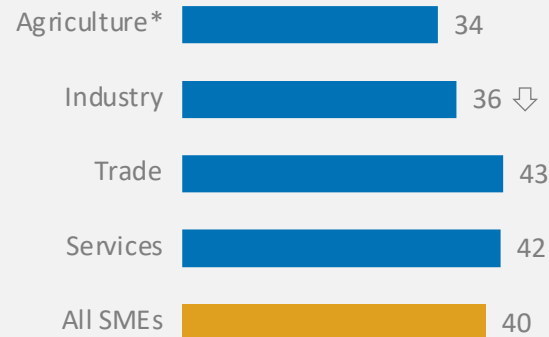
On a scale of 1-100



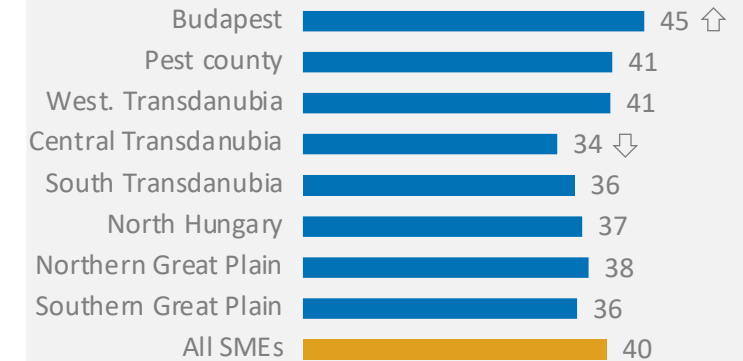
Number of people employed



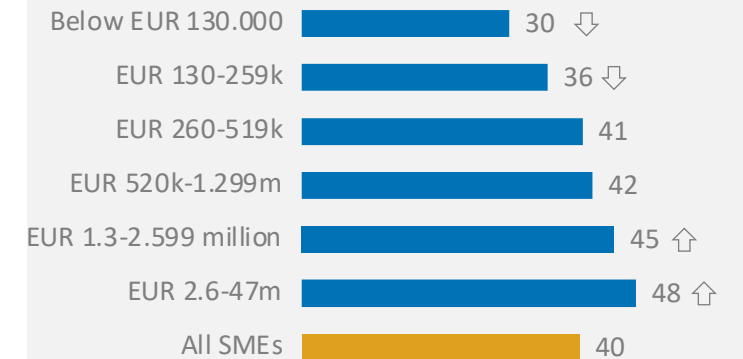
Sector



Regions



Turnover (2023)





Main indices and sub-indices: averages on a scale of one hundred

The contribution of the sub-indices to the main index:

- Digital presence: 19%
- Digital everyday life: 19%
- Business management: 16%
- Sales and marketing: 19%
- Digital finance: 16%
- IT security: 11%





Digital presence

Digital presence - summary

39

The digital presence index is **39 in 2024**, slightly lower than in 2022, but the same as in 2021. Enterprises **in the services sector and firms with more than 20 employees score above average** in this sub-index, as do **SMEs in Budapest**.

21

The main part of the digital presence is the existence of a company website (or, in its absence, a webshop). The sub-index has decreased significantly since the previous survey (24), due to a lower proportion of enterprises having a website and/or a webshop. The 2022 research was outstanding in this respect, with an increase in the proportion of enterprises with a webshop, presumably also due to the impact of the Covid epidemic, and a reversal by 2024.

72%

Compared to 2022, **the share of firms with a website and/or a webshop has decreased** significantly (72%) and the share of **firms with** neither has increased significantly, but compared to 2021, the change is not significant.

44%

Almost half of companies (44%) do not have an account on any social media platform. The proportion is statistically unchanged from 2022 (45%). Half of businesses (51%) are still on Facebook, with one in seven (15%) on Instagram. LinkedIn presence remains low (8%) but has increased significantly compared to 2022. A third (32%) of businesses on social media upload new (unpaid) content at least weekly.

34%

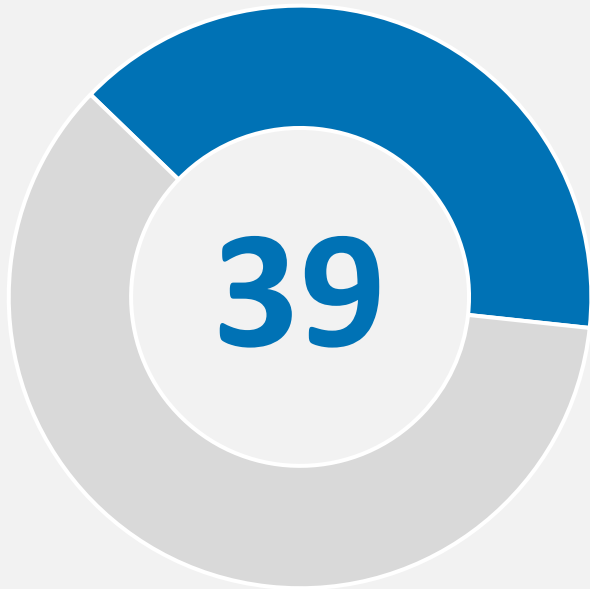
After the 2022 downturn, the proportion of companies with a Google Business Profile has increased significantly (34%), but the content is checked significantly less frequently than in the 2022 survey. Nearly two-fifths (37%) of those with an account only check it occasionally, when needed. The proportion of businesses with a turnover of less than EUR 130 thousand with such an account is below average, but no significant difference is observed in other demographic breakdowns.

31%

Three out of ten (31%) companies are on Google's digital map. This registration is linked to the Google Business Profile, so there is a significant increase compared to last year (23%), but no significant differences in terms of business demographics.



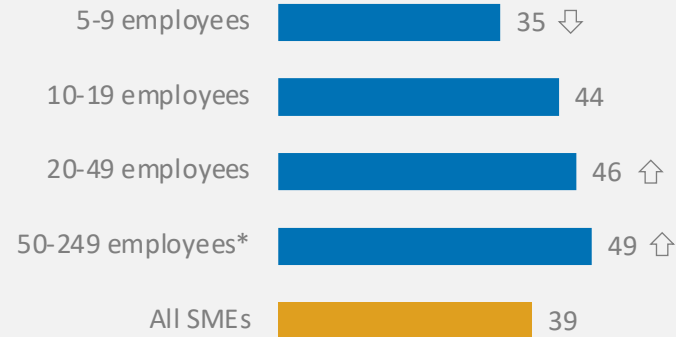
Digital presence index



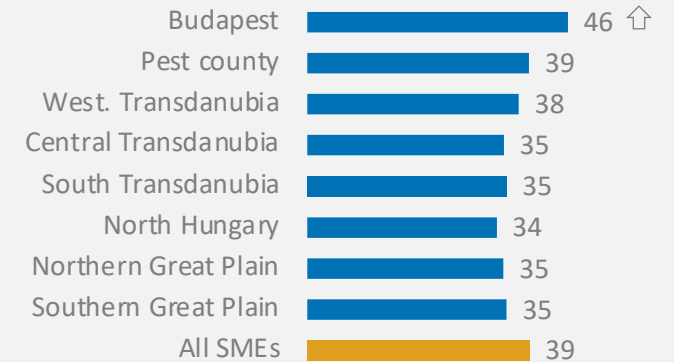
On a scale of 1-100



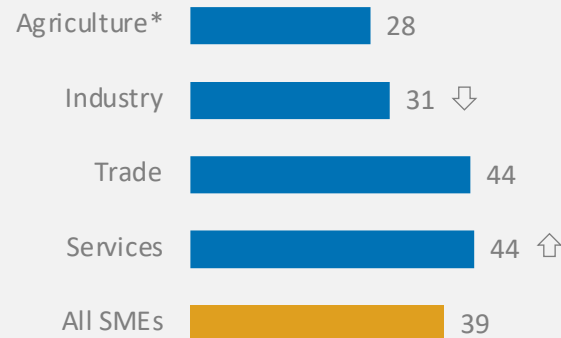
Number of people employed



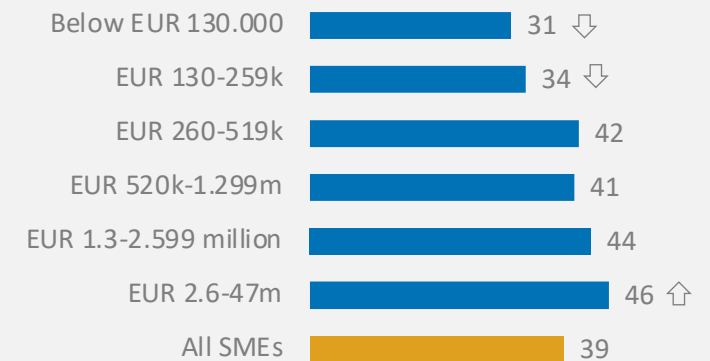
Regions



Sector



Turnover (2023)





Website

- An own website or, in the absence of one, a webshop
- Frequency of updating the website or a webshop page
- Availability on the website (webshop):
messaging form, chat service, chatbot
- Person responsible for updating the website (webshop)
- Person responsible for answering e-mails and chat messages
from interested parties

Social media

- Social media accounts
- Frequency of sharing unpaid content on social networking sites

Google Business Profile

- Google Business Profile registered account
- Frequency of checking the content of account and incoming reviews
- Google Maps presence

E-mail address

- Domain type of the e-mail address

Digital everyday life



Digital everyday life - summary

31%

Three in ten (31%) firms offer remote working for employees at least one day a week, a significant increase compared to previous years. Work from home is more likely in firms in the services sector and in firms in Budapest. Overall, 12 percent of employees are open to working from home.

54%

More than half of firms (54%) have a remote desktop access solution, with higher than average probability in larger firms (with at least 20 employees and net sales of at least EUR 1.3 million), in firms in Budapest and in the services sector.

45%

Just over two-fifths (45%) of firms have teleconferencing software available to employees, a significant increase from 27% in 2021. This is also more prevalent in larger firms (with 50 or more employees and a net turnover of EUR 2.6 million or more) and in Budapest.

18%

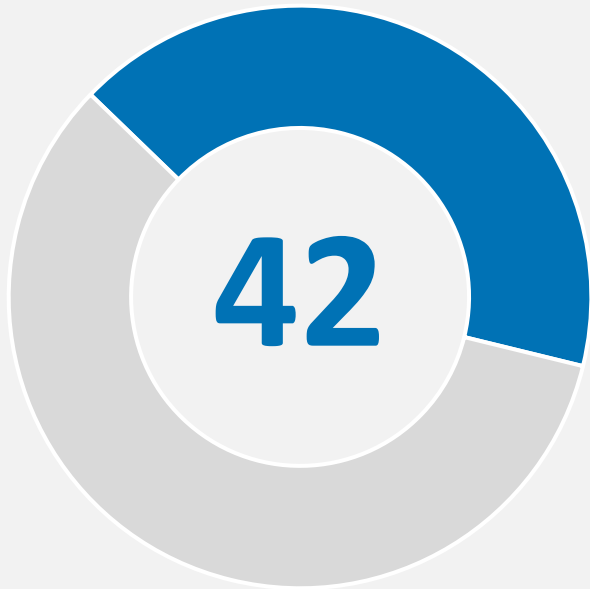
Only **one in six (18%) companies use an office-based collaborative chat application** for employee-to-employee communication. Again, this is more typical of the firms detailed above. The proportion shows a significant increase compared to 2022, with an overall increase of 10 percentage points compared to 2021.

31%

Three out of ten (31%) businesses have a digital knowledge base, unchanged from the previous survey. Firms with more than 50 employees are more likely than average to have such a repository.



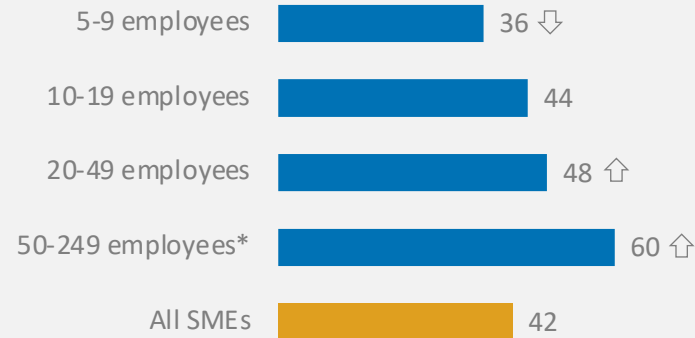
Digital everyday life index



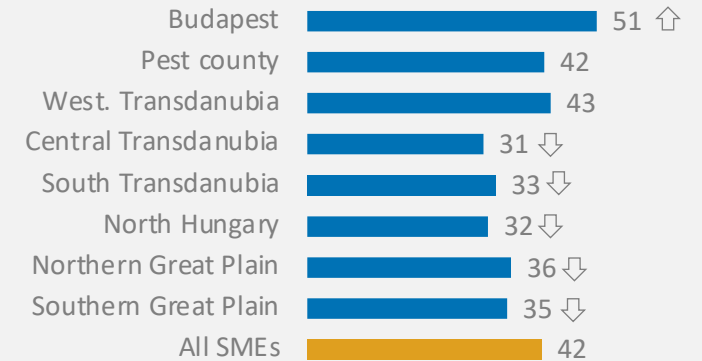
On a scale of 1-100



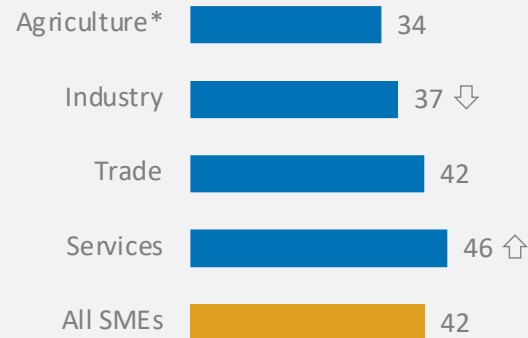
Number of people employed



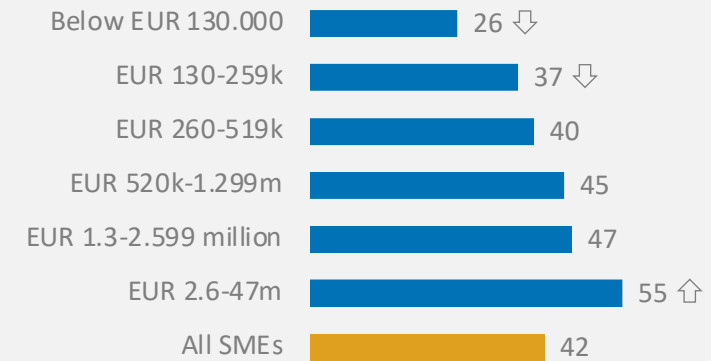
Regions



Sector



Turnover (2023)





IT background

- Person responsible for the operation of IT systems and related tasks
- Physical / cloud server, VPN, own mobile app

Work organisation

- Number of teleworkers and remote workers
- Using specific modules of the ERP system
 - teamwork support (cloud/non-cloud)
 - project management or workflow support (cloud/non-cloud)
 - office software package (cloud/non-cloud)
- Using a tool to organise and delegate tasks
- Using a remote desktop access device
- Use of webinar and online meeting tools
 - Use of e-mail with or without a central and/or employee company domain
 - Communication channels for employees using digital tools in the operation of the business
 - Forms of sharing and sending files within the company
 - Existence of a digital knowledge repository



Business management

Business management - summary

35%

A third of companies (35%) have an ERP system, more typically those with more than 50 employees and turnover above EUR 2.6 million. The proportion has recovered to 2021 levels after a spike in 2022, but **slightly more companies are using a cloud or hybrid solution than in previous years.**

27%

A quarter of companies (27%) have a smartphone background app that allows employees to access files stored on the company's server. This is particularly true for businesses in Budapest.

63%

Six out of ten (63%) companies regularly monitor data generated by their operations to use it to prepare decisions, mainly those with bigger staff and/or turnover. A further 24% monitor this data on an ad hoc basis.

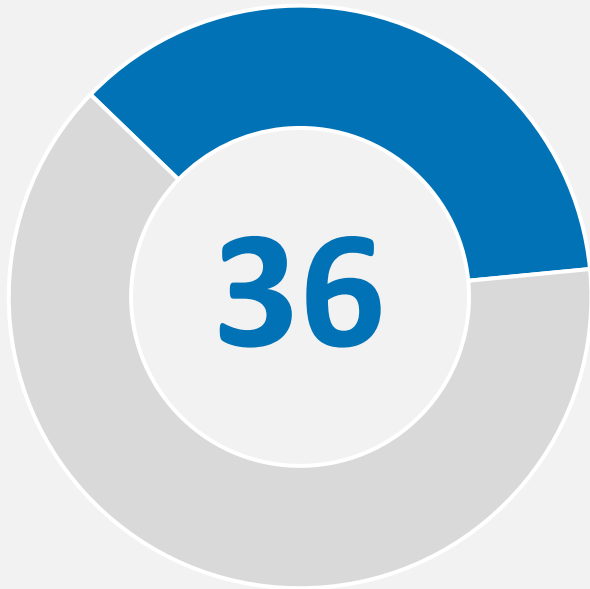
69%

Data is mostly tracked using Excel or other spreadsheet applications (69%), but a good quarter of the companies tracking data (28%) use the proprietary visualisation module of the software they use. Only a quarter of firms (24%) now use paper summaries, a significant decrease compared to previous years.

28%



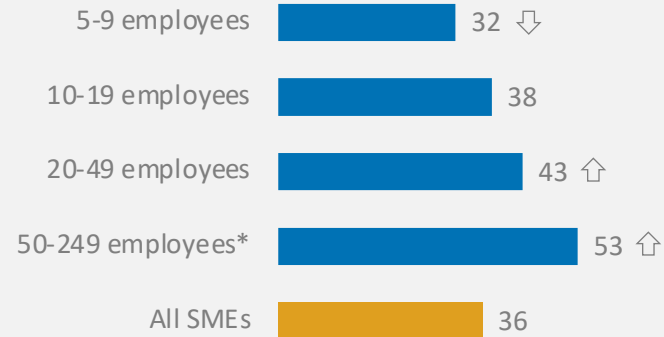
Business management index



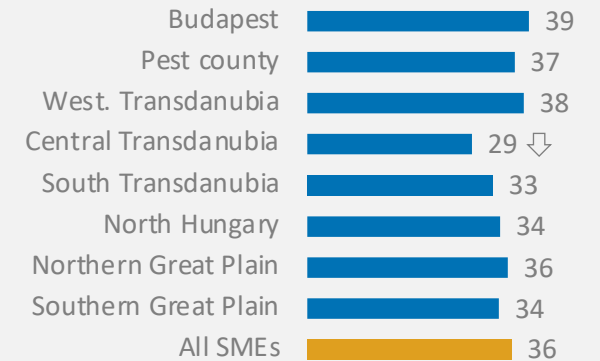
On a scale of 1-100



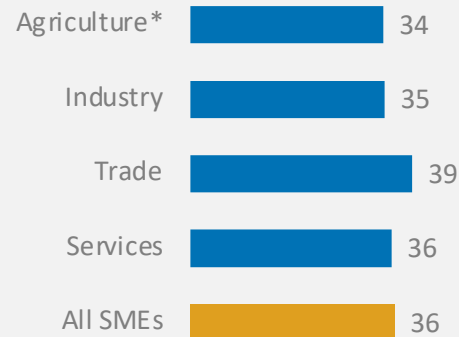
Number of people employed



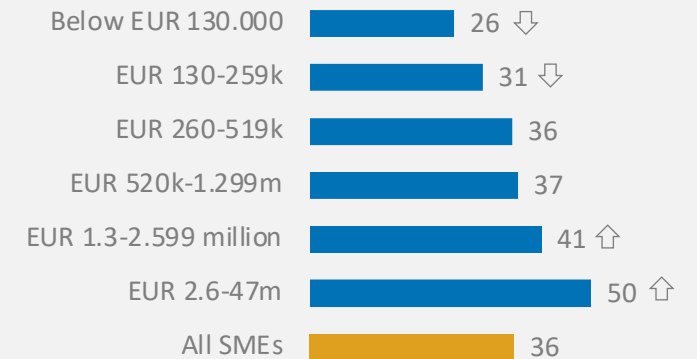
Regions



Sector



Turnover (2023)





Corporate governance

governance, business management

- Use of business management or case management systems
- Physical / cloud server, VPN, own mobile app
- Using specific modules of the ERP system
 - document and paper management (cloud/non-cloud)
 - controlling and decision support or management information system (cloud/non-cloud)
 - inventory and warehouse management (cloud/non-cloud)
 - planning or monitoring the production process (cloud/non-cloud)
- Use of smartphone background applications for corporate

Data availability

- Taking into account data generated in the course of business operations when preparing decisions
- Monitoring and evaluation of data

Human Resource (HR)

- Using specific modules of the ERP system
 - HR (human resources) support (cloud/non-cloud)
 - Payroll (cloud/non-cloud)
- Using online opportunities to recruit new staff

Sales and marketing



Sales and marketing - summary

12%

One eighth (12%) of firms have a CRM module, down from 14% a year ago. Companies with a turnover of over EUR 2.6 million are more likely than average to use such a system.

42%

Just over two-fifths (42%) of firms have advertised online in the past year, with no significant difference compared to previous years. A higher than average proportion of larger firms and those in the commercial sector advertised online.

34%

For online advertising, companies (at least the ones that advertise at all) **mostly use one platform**, Facebook or Google Ads.

25%

A quarter of firms (25%) have used some form of online customer acquisition tool in the past year, a drop from 34% in 2022. Email newsletters were the most commonly used option, although the proportion has fallen compared to previous surveys. Search engine optimisation is also used slightly less than in 2022, although the figure is higher than in 2021.

13%

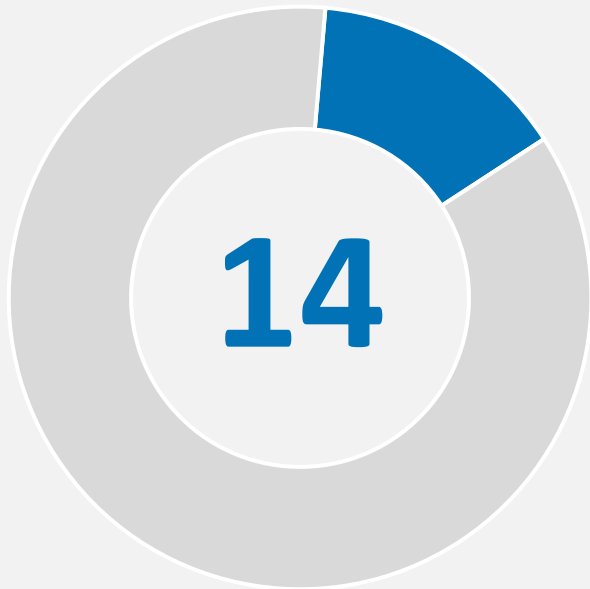
One eighth (13%) of firms sell online through an online shop or website, a significant drop from 21% in 2022, which may be explained by the fact that the share of the retail sector selling online has declined in the sample, in line with business demographic trends.

81%

Eight out of ten (81%) online retailers (also) offer cashless payment options for online purchases; mostly bank transfer (64%), while two fifths (40%) offer payment by card via a banking system and one third offer payment by card via a payment intermediary.



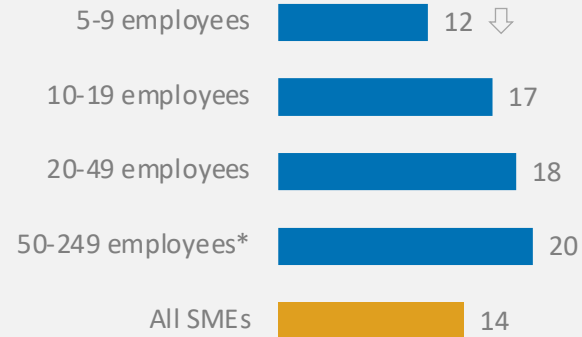
Sales and marketing index



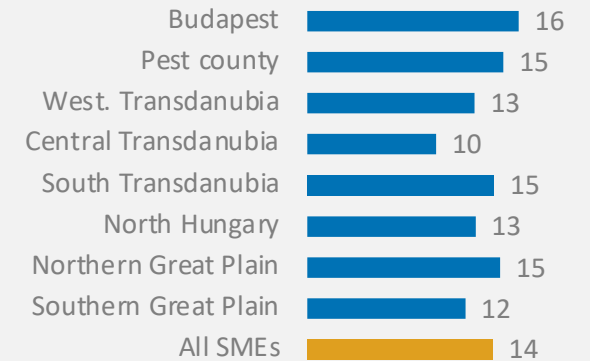
On a scale of 1-100



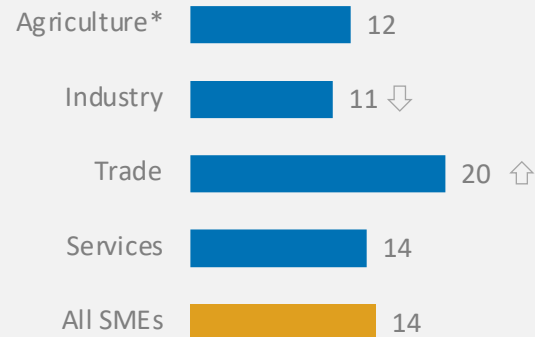
Number of people employed



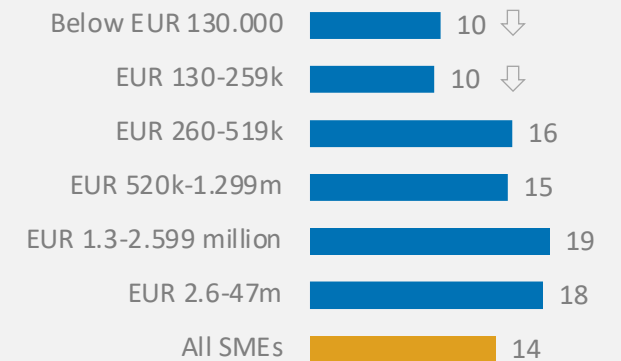
Regions



Sector



Turnover (2023)





Customer relations / customer management

- Using specific modules of the ERP system
 - CRM (customer relationship management) (cloud/non-cloud)
- Purposes of using CRM

E-commerce

- Using specific modules of the ERP system
 - Sales support
- Use online sales opportunities
- Payment options for sales through an online shop or website

Customer acquisition

- Paid online advertising platforms
- Using online customer acquisition tools



Digital finance

Digital finance - summary

65

The Digital Finance Index scored 65 points on a 100-point scale, a significant increase compared to previous years (2021: 60; 2022: 61), with higher than average scores for firms with 20-49 employees and EUR 1.3-2.6 million turnover. There is no significant difference in the index score by sector or region.

82%

On average, eight out of ten firms use some form of invoicing system, not a significant increase compared to the last survey, but a significantly higher proportion of firms using cloud-based software than in either 2021 or 2022.

88%

Nine out of ten firms (88%) use an online service with their current account bank. There are no significant differences between firms in terms of sector, turnover or region of use.

61%

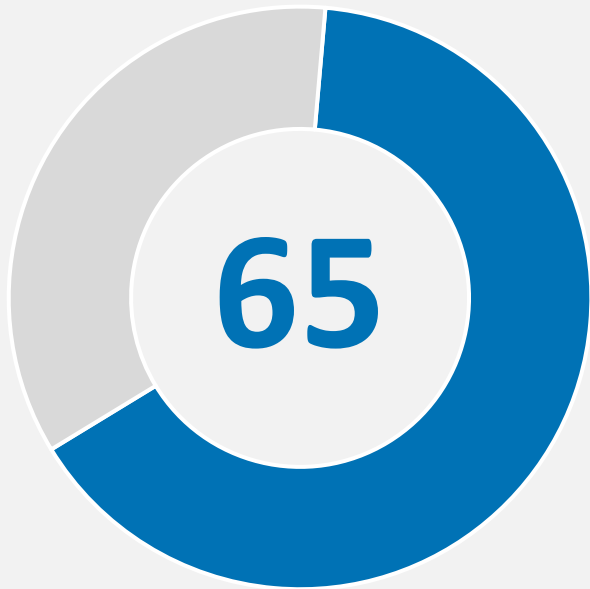
Three-fifths of firms (61%) use their account-holding bank's mobile app, with an above-average share in the industrial sector and a below-average share in the trade sector.

67%

Two thirds (67%) of businesses can receive and issue invoices electronically, a significant increase from 51% in 2022. A further three in ten businesses only accept but do not yet issue. Only 5 percent of businesses do not handle electronic invoices in any form, a significant decrease compared to previous surveys.



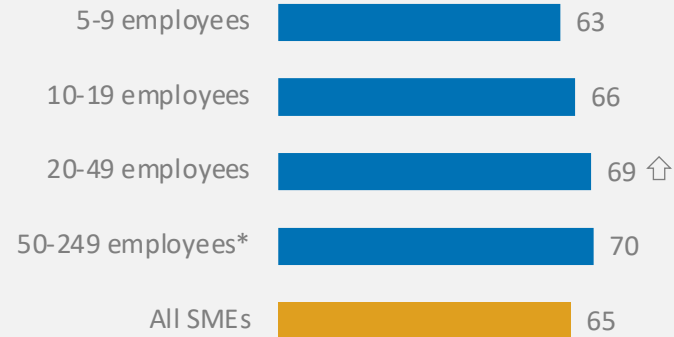
Digital finance index



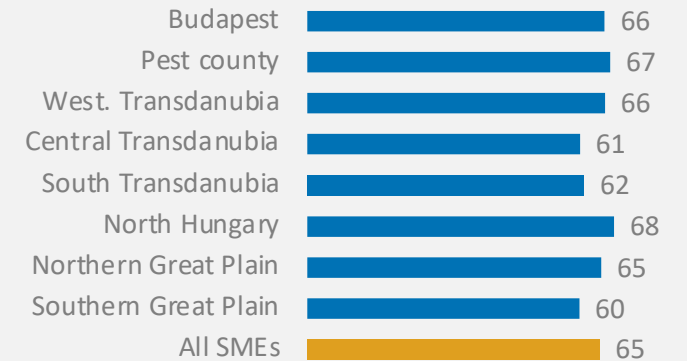
On a scale of 1-100



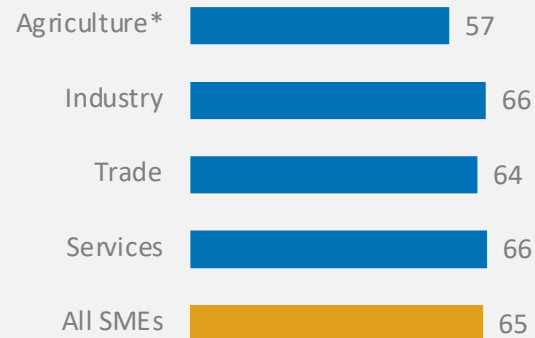
Number of people employed



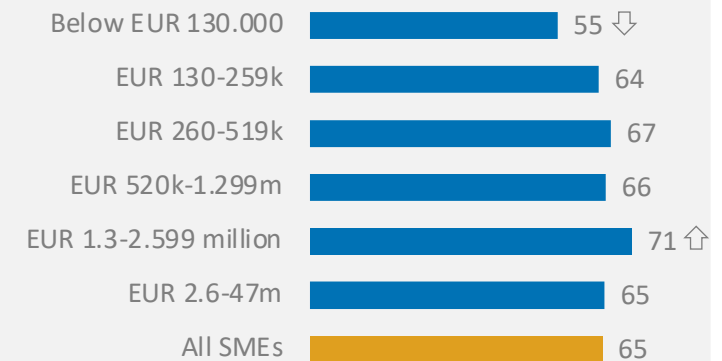
Regions



Sector



Turnover (2023)





Digital finance

- Using specific modules of the ERP system
 - financial or accounting software (cloud/non-cloud)
 - billing system (cloud/non-cloud)
 - accounting system (cloud/non-cloud)
- Using the online service of a current account manager bank
- Use of a mobile app at a current account bank
- Receipt / issue of an electronic invoice

IT security



IT security - summary

54

The IT security index scores 54 on a scale of 100, exactly the same as in 2022. Small firms with a small workforce score below average on this index, while firms with more than 10 employees score above average. In terms of turnover, larger firms also score higher, while those with revenues below EUR 260 thousand score below average.

19%

A fifth (19%) of firms have a virtual private network (VPN), a **significant increase** since the previous survey. A higher than average proportion of firms with more than 50 employees, firms in the services sector and firms with a net turnover of EUR 1.3-2.6 million have a VPN.

39%

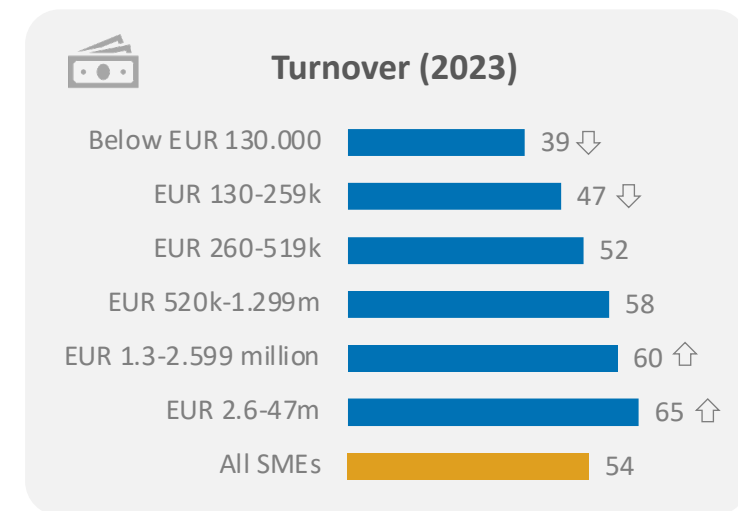
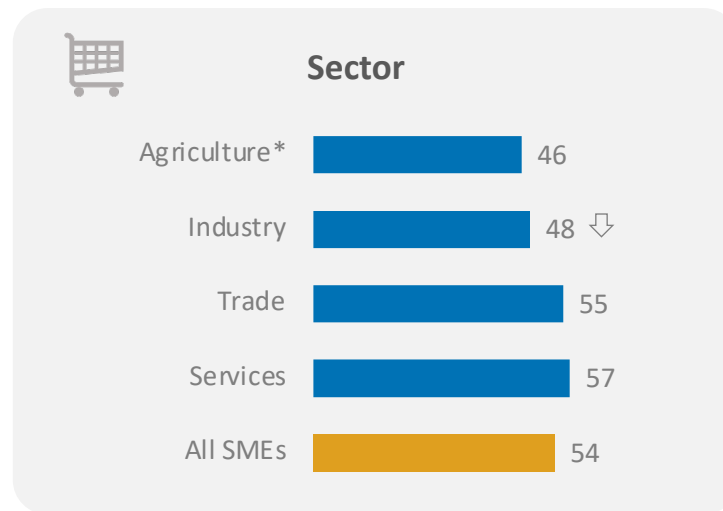
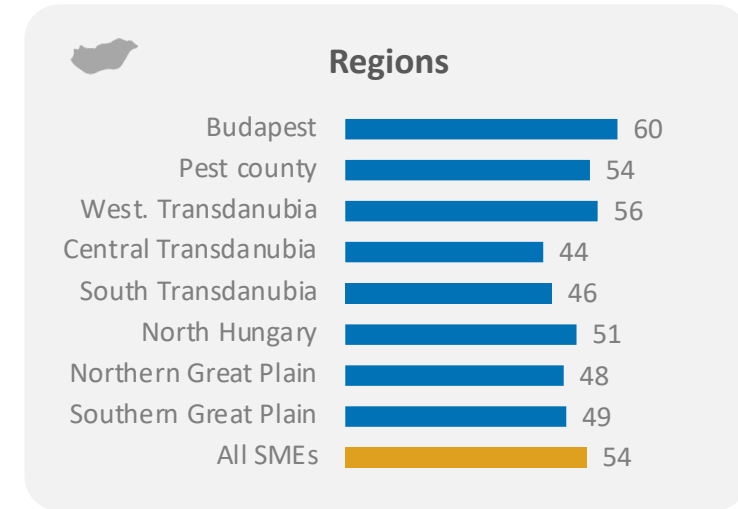
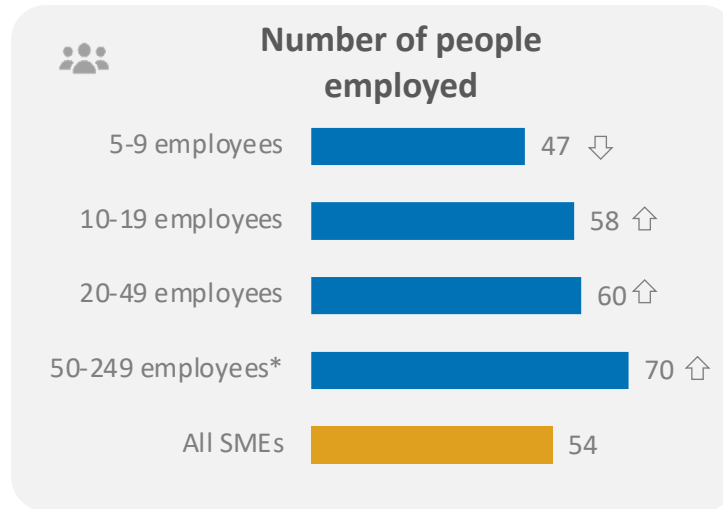
Two-fifths (39%) of companies using IT tools have a multi-level authorisation system, whereby certain employees can only access certain electronic content. Overall, the larger the company (in terms of number of employees and turnover), the more likely it is to have implemented this system. It is also more common than average for firms in the services sector.

84%

The vast majority of companies have user-level unique identification or password protection. This is higher than average for businesses with more than 20 employees, while it is below average for businesses with 5-9 employees and those with a turnover of less than EUR 130 thousand.

33%

One third of companies back up to their own physical server or to an enterprise cloud server/office. Compared to previous years, the proportion of businesses that do not back up automatically has increased.





IT security

- VPN
- Using specific modules of the ERP system
 - antivirus (cloud/non-cloud)
- Multi-level electronic access authorisation system
- Automatic backup
- Use user-level unique identification/password protection when accessing the computer
- Use user-level unique identification/password protection when accessing the company's server

Thank you for your kind attention!

If you have any further questions about either the research described or the *Digimeter* project, please do not hesitate to contact us:

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