

Small & Medium Enterprises

how can a data-analytic tool serve it to grow

Small & Medium Enterprises are mostly privately owned or are limited companies that deal in either trade or manufacturing or service on a limited scale, with limited ranges of products and generally in definite geographical territories. Yet, they work in niche spaces- i.e. either in niche and focused products or in specified service parameters.

Small & Medium Enterprises are very keen on working in networked environment for growth. Unless otherwise they are simply "Mom & Pop shops" that do not want to share the brand name or grow in nodes, these enterprises grow through sharing – sharing of either their brand name through franchisees or sharing of market and resources that is sharing through mutual agreement the supply chain or the demand chain- they pool in their demand to buy collectively or share areas to sell their wares in distributed markets- they might sell their own product and sell products of their associates' at a concessional rate thus giving the advantages of market penetration for their associates' products. The key is to turn a competitor as an associate and grow mutually.

Small & Medium Enterprises collectively had always been the mainstay of business and manufacturing in any society that stays and grows steadily. Harvard Business Report suggests that in any economy the growth of the SMEs are never phenomenally high at any point in time but always takes the majority, and those economy does have shown better resilience against sudden disasters in the market or in the economy. A societal development is central due to SME and their growth. The volume of business transacted is always much more and yet their rate of profit may not be that impressive, when compared to monopoly markets. Whereas monopolized markets are more prone to the market volatility in any span of time, the SME market shows a kind of slow but steady growth rate. Mutual funds worldwide have now found SME sectors more assured though moderately lucrative for investment. Thus this sector has attained an "assurance value" than any other sector- besides of course agriculture.

Small & Medium Enterprises sector is the seat of quality products because each product has to prove its own mettle. The brand value is built up from below assiduously and it is against any pre-conceived misconception been proved many a times that brands of SMEs are very competitive. People do believe in SME brands and take personal sense of belonging in having their products. The era of mass production is fast waning away its appeal and people are getting increasingly inclined in products with special human care and with customized settings. On-demand embellishments and even on-demand solutions are on the rise for that makes the SME - the sector of interest for choosy clientele.

Small & Medium Enterprises have employed many more employees than any mechanized centralized mass production or mass service outfit can ever think of. The most interesting part is the fact that despite this characteristic the producing productivity or market productivity or information dissemination productivity of labour in SME sectors had always been high and would ever be-because an SME grows in terms of units of production comprising of labour, factor inputs, resources and increasing sets of buyers. This win-win law of labour & productivity coupled together has been a marketing wonder of recent times.

Small & Medium Enterprises is specifically salient in terms of Capital formation and the growth of Capital base or Capital-base-formation, because a mesh of networked environment grows exponentially covering the market space in spectacularly less time.

Small & Medium Enterprises have become specifically attractive to the non-banking finance sectors and their growth has really raised eyebrows among the banking sector which traditionally shied off from SME sectors.

Traditionally the BFS or banking and related finance sectors have been only advancing loans and assistances on secured assets or on fixed contracts, they did not have the mechanism to evaluate the growth of business and volume for individual or small consignments. The Non-banking-financial-sector [NBFS] has found an unattended gold mine in SMEs and has reaped noteworthy growth. Recently specialized banks have come forth in helping this sector in the name of cooperative banking, group network financing and are trying to figure out the potential volume of transaction. Specialized market spaces are now wholly sponsored and invested by specialized banking operations. Banks are deep in focused research in underwriting cluster production, cluster marketing through special exhibitions, and even they are underwriting whole route of specialized cluster supply chain.

Small & Medium Enterprises have become the best commercial sources of savings. Big businesses are very poor savings agents, on the contrary the SMEs are more concerned for disasters and they guard themselves right from the beginning against those. The ploughing back of profits in their own industry has always been league ahead of the Big business houses. Big business houses always run on debt and the banks' interest is served through their receipts of their remittance payment for their interests- this is a regular stream of income for the investment banker. On the other side, the SMEs are the sources of deposits whose income after the gestation period almost always surpasses the debt amount. They provide interest payment to the banks for the portion of loan repayment and interest remittance they have borrowed and additionally they are the source of small savings the banks can leverage for further investment in the money market. This kind of sourcing possibility has given rise to a plethora of source-funds for non-banking-financing-conglomerates.

Studies in any developing economy have shown that tax garnering net of subsidies and tax-rebates are much more positive in case of SMEs than in organized centralized mass production houses. The local municipal corporations and regulatory authorities are profited more positively, concretely and in real terms from SME clusters than the big industry establishments. Excise duties, sales taxes, service taxes and utility taxes are positive in SME clusters. Specialized suburbs with niche SME productions have developed over the history and that has amassed a social-saving-suburb from the banking point-of-view.

Small & Medium Enterprises have the highest degree of linkage effects in a society, with many industries, much beyond the ancillary ones, developing collinearly. Highly developed mathematical techniques like cointegration techniques have shown that collateral developments of other SMEs have been developed as initiated by some specified SME cluster of any particular industry- this has thus become an innovative cooperative social development model in the recent business strategy.

Instead of the old cost-benefit analysis and their algebraic summation as an index of societal development has been replaced by a social-cost-benefit-analysis of a neighborhood around co-ordinated development of cluster industries in SME sectors.

Mathematics as the most essential technique to drive

We have enlisted the various functions and salience of SME endeavor in different paragraphs. All these involve huge data crunching instantly and coming out with alternatives for various decisions making and changed inputs. In making these numbers mean something, a tool is needed that will do justice if the proper data capturing is undertaken and then used for decision making. A model-less data analytics tool that hides its complex implementations and advanced techniques from the users and let the business analysts form their own formulae toward making their own decisions without the dependence on technology professionals.



Approaches to use SME data from differing points of views of the different concerned groups

Individual SMEs might not have a very extensive use of a Data Analytics tool unless and until there scale of operation grows bigger at a growing rate. Economy of scale in an SME may be increased either by increasing the sale of one principal product or by increasing the number of products catering slightly different target and client groups.

A very competitive market reduces down the profit margin of an SME and that might not justify any tool unless again the operation is a very long term one they are planning for. A very advanced data-analytics tool is justified when the criticality of profit margin and marginal productivity although being slender needs to look for a steady state of growth in terms of markets vis-à-vis the factor inputs.

Having said that a cluster industry in a region would definitely benefit leaps and bounds through cloud implementation and Software-as-a-Service [Saas] implementation – one centralized implementation for the cluster and individual companies share the data-storage and yet own the data security without sharing critical data with others. Market intelligence can be definitely shared among the sharing partners within a cluster. A cloud implementation is ideal for that – this would be a co-operative venture where a co-operative official would work as a secretary to all the individual firms within the cluster. There is no point in every individual firm trying to analyzing the huge common market information as that would be superfluous, but each individual firm might have their specific information secured and safe and yet might selectively share the aggregate and average publishable data with the co-operative.

A cluster investor would be interested in aggregate information and would deal with the collective information with some on-demand or on-need knowledge of outliers in case of any problem. These investing agents would be then interested in finding out their investments in terms of the market acquired or lost by the cluster.

Government authorities or local municipal authorities would be also interested in collective information as the infrastructure usually used is common. Their tax garnering and acquisition would be depended on the cluster's collective information.

The market sniffers would be interested in the overall contribution of one particular cluster in the entire market in one big region or province.

All these interested parties would find a tool as their handy one to quench all queries they would have.

A Data analytic tool based on cloud implementation as SMEs sharing a SaaS model of implementation has been a cry of the industry for a long time where they could not justify the total cost of ownership [TCO] of a business analytic tool based on OLAP technique associated with a huge data warehouse.

A data analytic tool is ideal in scale correspondence with a SME firm and the cost that would be apportioned over a few months in a firm that runs on slender profit margin.

The sector and the tool are made for each other.



IDEAL-ANALYTICS: The IDEAL that is a data-analytic plus tool

IDEAL-ANALYTICS [IA] has been designed to offer the sector with all Data analytics goodies and in addition offers the best of the mathematical techniques while hiding the complexity from the business analyst. IDEA-ANALYTICS has proved that its mathematical wizardry of presentation of the data in the most state-of-the-art implementation and at the same time only depending on current updated transient transaction data is the tool the SME sector would find optimum in terms of cost-benefit. Our clients in this sector now are sharing their new-found jewel with their compatriots and partners as our technology ambassadors.

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