

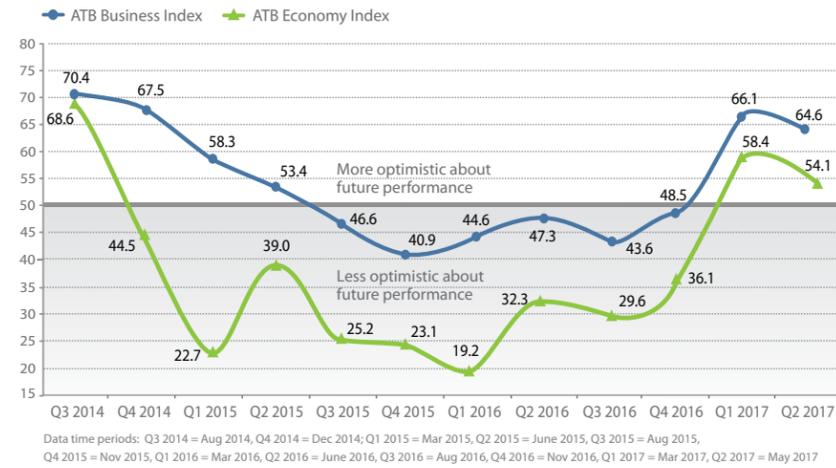
ATB BUSINESS BEAT INDEXES

Economic optimism is up compared to the past two years but the ATB Economy Index shows a slight decline in the number of small and mid-sized businesses that believe Alberta's economy will be stronger in six months. The Index slipped from 58.4 in the first quarter of the year to 54.1 in the second quarter. (A value more than 50 means more SMEs are more optimistic than not.)

After reaching the highest level in two years last quarter, the ATB Business Index also fell slightly in Q2. Despite the moderate dips in the two indices, both economic and business optimism levels are more optimistic than pessimistic and show that economic sentiment in the province is increasing after the decrease we saw due to the economic downturn. The latest reading of the Index was 64.6, down by 1.5 points from the first quarter.

Businesses have had some reason to be optimistic. At the time of the survey in mid-May, there were real improvements to the labour market, there were overall improvements to business conditions in the province and the price of oil had increased to around \$50 a barrel and was more stable compared to previous quarters.

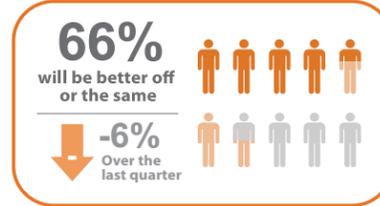
Business Beat Index



SMEs remain cautiously optimistic about the future.

“How do you think... will be six months from now?”

Alberta Economy



Your Company



1 person icon = % better off, 1 person icon = % the same, 1 person icon = % worse

ATB BUSINESS BEAT: The pulse on business in Alberta

ATB Business™

Volume 18, July 2017

Are Alberta businesses using technology to transform their businesses?

Transformation, technology, disruption and innovation are four of the biggest buzz words of 2017. That inspired us to take a deeper dive to see how Alberta small and mid-sized (SMEs) businesses are using technology and its overall impact. Do they plan on investing in certain technologies? Will their capital and time investments in technology projects increase, decrease or stay the same? And what are their perceptions of technology?

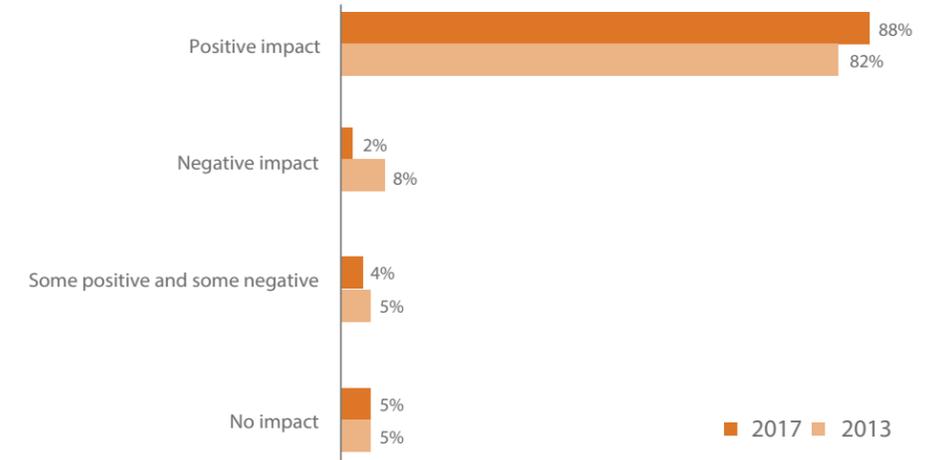
As always, we asked whether or not Alberta SMEs believe the Alberta economy, and their business, will be better off, the same or worse six months from now.



TECHNOLOGY TRENDS

There was an overwhelmingly positive response (88 per cent) when we asked SMEs about the impact technology has had on their business operations over the last five years. This is an increase of six per cent since we asked this same question in 2013, while those expressing negative impact have decreased during this time.

“Would you say technology has had a positive impact or a negative impact on your business operations over the last five years?”



“BECAUSE WE CAN NOW DIGITIZE OUR DOCUMENTS WE CAN UPDATE WHEN NECESSARY AND SHARE DOCUMENTS MORE QUICKLY. WE CAN CONDUCT BUSINESS AS WELL, INCLUDING INVOICES, PAYMENTS, BANKING RECONCILIATIONS AND FUND TRANSFERS. THINGS ARE MORE IN REAL TIME.”

– Chief Executive Officer (CEO), Health Care and Social Assistance, 30 years in business, 20 – 49 employees, \$1 million to less than \$3 million in revenues

“THE BIGGEST IMPACT IS THE AVAILABILITY OF DATA. CUSTOMER INFORMATION AND PRODUCT MOVEMENT IS RIGHT AT OUR FINGERTIPS NOW. IT ENABLES US TO FULFILL OUR CUSTOMERS' NEEDS MORE EASILY.”

– Owner/Operator, Retail Trade, 33 years in business, 20 – 49 employees, \$5 million to less than \$10 million in revenues

ABOUT THIS REPORT

For more information on this report or the next ATB Business Beat, please email businessbeat@atb.com or visit atb.com/businessbeat to be put on the mailing list.

About ATB Financial

ATB Financial (www.atb.com) is the largest Alberta-based financial institution, with assets of \$43.1 billion. ATB offers retail financial services, business and agriculture financial services, corporate financial services and investor services to more than 710,000 Albertans and Alberta-based businesses in 244 communities in our province. ATB Business and Agriculture provides services to Alberta's small and mid-sized businesses, farmers, and other agriculture customers. To find out how ATB Financial can help your business grow, please contact: Teresa Clouston, Executive Vice-president, Business & Agriculture at askteresa@atb.com



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About NRG Research Group

NRG Research Group (www.nrgresearchgroup.com) is a leading Canadian public affairs and market research company with offices in Calgary, Vancouver and Winnipeg.

Who did we talk to?

These findings are from an ATB Business telephone survey conducted during May 2017 with 300 randomly selected Alberta SME financial decision makers. Study exclusions: agriculture (farms or ranches), government, financial institutions, and large businesses (500+ employees). Business size definitions: SOHO (0 full-time employees), micro (1-4), small (5-49) and medium-sized (50-499).

POSITIVE IMPACTS

The world is moving at a rapid pace and technology is what's helping business owners keep up. It is all about ease, speed and efficiency. Increased productivity (29 per cent) and speed and ease of work (21 per cent) were the top responses, which saw a significant increase since 2013. The two answers that saw a drop since 2013 were ease of communication (14 per cent, down from 18 per cent in 2013) and ability to streamline business processes (5 per cent, down from 17 per cent).

"Why do you think technology has had a POSITIVE impact on your business?"



"IT ALLOWS US MORE ACCURATE DOCUMENTATION CONTROL AND PROJECT MANAGEMENT, THE ABILITY TO TRACK BUSINESS COSTS AND ENABLES EMPLOYEES TO OPERATE REMOTELY AND COMMUNICATE ONSITE."

– Owner/Operator, Manufacturing & Construction, 9 years in business, 20 – 49 employees, \$15 million to less than \$20 million in revenues

"TECHNOLOGY HASN'T REPLACED ANY OF OUR LABOR BUT IT HAS FACILITATED THE EASE OF OPERATIONS AND ORGANIZATION."

– Manager, Food Services, 45 years in business, 50 – 99 employees, \$3 million to less than \$5 million in revenues

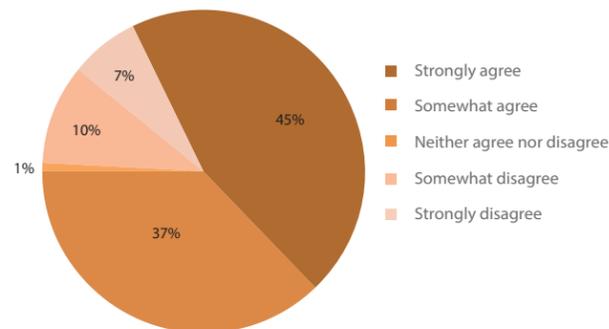
NEGATIVE IMPACTS

Only 2 per cent of business owners felt the impact of technology on their business operations was negative, down from 8 per cent in 2013. Five years ago, the top concerns were perceived higher costs of technology/upgrades and suppliers/customers demanding electronic interactions. It's likely those businesses adjusted or were left behind. By comparison, the top concerns in 2017 revolved around the potential for technology to make business operations less efficient or more complicated.

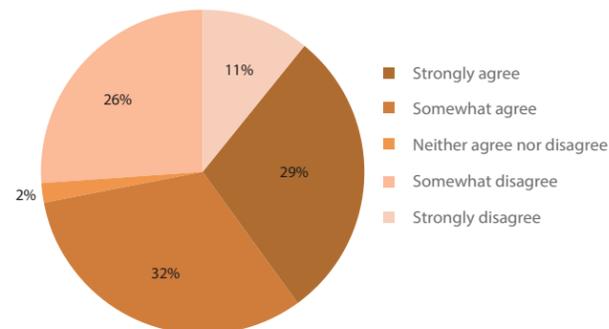
DISRUPTION

The vast majority, 82% of SMEs believe new technology is changing the way business is done in their industry. When asked if their business is vulnerable to disruption if they don't keep up with the latest technology, SMEs in Alberta were split: 61% agreed, while 37% disagreed. This means that over half of the businesses in Alberta are worried they will be left behind if they don't keep up with the latest technology.

"New technology is changing the way business is done in my industry."



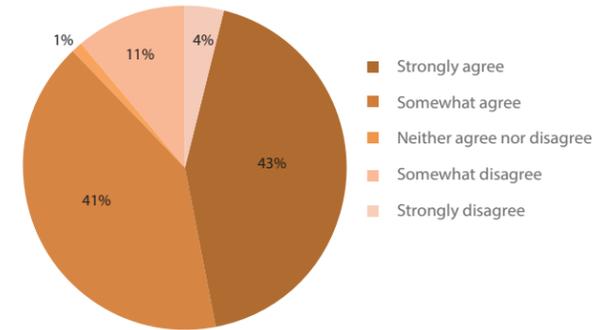
"My business is vulnerable to disruption if we don't keep up with the latest technology."



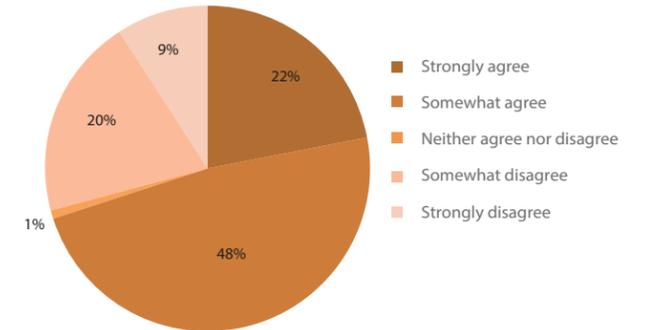
USE OF TECHNOLOGY

The majority of respondents agree that they're getting the most out of the technology they are currently using (84%) and that new technology is changing the way business is done in their industry (82%). A smaller majority agree their business is investing the right amount of time (70%) and capital (64%) to keep up with the latest technology. More than one third (34%) would like to invest more capital, while 29% would like to invest more time on technology. Less than two in ten (19%) respondents said that technology related projects would be the first to cut during an economic downturn, showing the value that technology is having on businesses in Alberta.

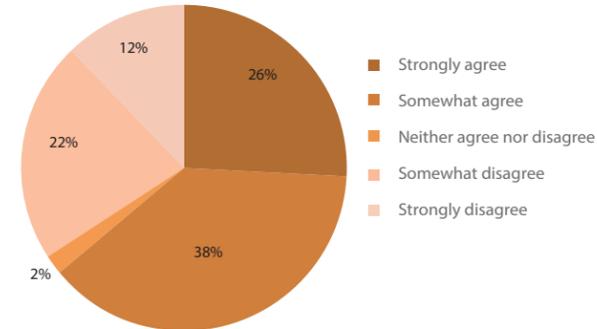
"My business makes sure to get the most out of the technology we're currently using."



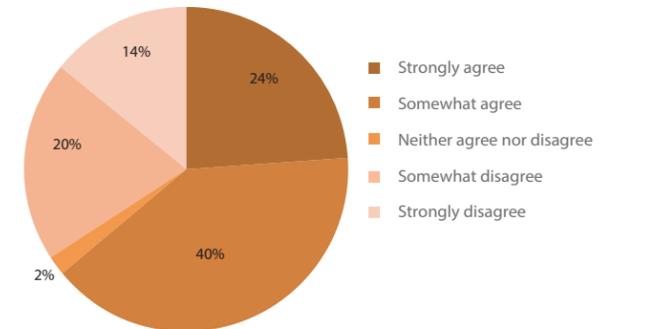
"My business spends a sufficient amount of TIME to keep up with the latest technology."



"My business spends a sufficient amount of CAPITAL to keep up with the latest technology."



"My business looks to technology as a means of solving problems."



"WE'RE A FORWARD THINKING OIL COMPANY. A LOT OF OUR COMPETITOR'S DESIGNS ARE RUNNING OFF TWENTY YEAR OLD TECHNOLOGY, WHILE OURS IS UPDATED, ALLOWING OUR CUSTOMERS MORE EFFICIENT USE OF THE PRODUCT."

– Manager, Energy or Oil & Gas (or related businesses), 12 years in business, 50 – 99 employees, \$5 million to less than \$10 million in revenues

"WE CREATE OUR OWN AUTOMATED MANUFACTURING MACHINES. THAT'S PART OF OUR BUSINESS. WE ARE ALWAYS LOOKING FOR WAYS TO AUTOMATE. IT IS CONTINUOUS."

– Manager, Construction, 25 years in business, 20 – 49 employees, \$20 million or more in revenues

INNOVATION

Innovation is key to keeping businesses fresh, relevant and competitive. It also drives a growing economy, enhances performance and helps to build our future. SMEs don't need to go it alone. Unfortunately awareness remains low, but here are a number of different programs that help fund and support innovative solutions for Alberta businesses.

"Are you aware of any of the following programs that support business innovation?"

