
Brussels, 5 December 2019

European DIGITAL SME Alliance

Statement on

European Commission Draft Working Document on European Digital Innovation
Hubs (EDIHs) in Digital Europe Programme (DEP)

The task of Digital Innovation Hubs (DIHs) is to ensure that local businesses (in particular SMEs and midcaps) and public authorities have access to the newest digital technologies and advanced training in digital skills. In September 2019, European DIGITAL SME Alliance had issued a position paper with recommendations on the scope and role of DIHs. These recommendations were based on a consultation of our SME members about what type of infrastructure, training, awareness-raising or other support they would find useful.

On 12 November 2019, the European Commission published a draft working-document to prepare the implementation of European Digital Innovation Hubs (EDIHs) in the Digital Europe Programme. DIGITAL SME would like to use this opportunity to comment on the draft working document. We aim to raise awareness about the perspective of digital SMEs on how to ensure the successful implementation of EDIHs.

As ‘digital enablers’, SMEs in the ICT sector help to digitalise other SMEs in B2B relationships, often forming symbiotic ecosystems. They play an important role in facilitating the digital transformation of the European economy. Therefore, DIGITAL SME believes that European Digital Innovation Hubs need to build on the potential of those local business ecosystems. Further, SMEs are a diverse group, ranging from frontrunners, developers and appliers to followers and non-innovators. Thus, there is a need to consider the different types of SMEs when EDIHs address them with activities and actions. For instance, innovative “frontrunner” SMEs – the ‘digital enablers’ – require a different type of support than e.g. “followers” or “non-innovators”.

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Main comments:

- 1) **Business ecosystems:** It is **important to build on existing business ecosystems**. Many of the digital companies represented by DIGITAL SME's members provide digital solutions in B2B: they help transform traditional business models into digital business models by providing digital architecture, software, platforms and services, and other ICT-based solutions to their SME counterparts or to large businesses. While there is certainly a need to boost the digital transformation in Europe, government-led activities in this area must focus on the provision of infrastructure, exchanging of knowledge and best practices, and support existing mechanisms for the transfer of digital know-how. They should not provide services that are already provided by the businesses on the market. Instead, EDIHs should aim to bridge the existing gap between the ICT SMEs offering these services and SMEs that need such services. Ideally, they should provide a platform for ICT SMEs to reach other SMEs. **Further, EDIHs do not necessarily need to be built around research organisations but on existing business-driven hubs and/or associations and business networks.**

→ (especially p. 17 of draft working doc)

- 2) **SME focus in EDIHs activities:** In order to support the digitalisation of the economy, there is a need to define the focus group of activities of EDIHs: **Measures need to be tailored to the different types of SMEs (and administrations)**. E.g. "follower SMEs" could probably benefit from more general advice on how to digitalise their business model and about the benefits of new technologies. More advanced SMEs might benefit from testing facilities and from being able to partner with EDIHs to showcase their solutions or services in showrooms. All types of SMEs likely benefit from support in their transition period and staff training, etc.

→ (general comment)

- 3) **Skills and training:** If EDIHs want to offer internships, they **should work with the local SME ecosystem** to place potential interns within local ICT SMEs.

→ (p. 7 of draft working document)

- 4) **Role of public sectors as "innovation buyers"**: Generally, the idea of using the purchasing power of the public sector to transform it into a large "innovation buyer" is welcomed, but there needs to be a **quota for buying solutions from SMEs**. Otherwise, such an "innovation buyer" might just buy solutions from large providers, risking vendor lock-in and not helping to advance the digital transformation.

→ (p. 7 of draft working document)

- 5) **Sustainability of the business model of EDIHs: if the EDIHs will be non-profit, there needs to be sufficient funding**. If EDIHs need to finance themselves via projects, this might draw attention away from their core business of supporting the digital transformation.

→ (p. 8 of draft working document)

General remarks:

DIGITAL SME welcomes the fact that the Working Document introduced KPIs referring e.g. to how many SMEs have been reached, as we believe that the European Commission should regularly monitor the success of DIHs (including a KPI that measures whether companies were successfully reached, and actual services were provided to them) and provide the chance to newcomers when selected EDIHs do not perform well.

Further, the text clarified that "the services of the EDIHs should be complementary to and not replace existing (commercial) services of e.g. training suppliers or ICT companies." Also, the working document stresses the function "Innovation ecosystem & Networking" (a hub works also as a broker and matchmaker between the needs of certain companies and possible suppliers) and states that preference can be given to SMEs as suppliers under certain circumstances. These proposals are very well-received and welcomed by DIGITAL SME.