

**Benchmarking national and regional e-
business policies for SMEs**

Final Benchmarking report

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This report contains 44 pages

Appendices contain 44 pages

BENCHMARKING NATIONAL AND REGIONAL POLICIES IN SUPPORT OF E-BUSINESS FOR SMES

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This report has been intensively discussed with Member States and the business community. It represents the consensual views of all stakeholders involved into this process.

Foreword by Erkki Liikanen, Member of the European European Commission

At Lisbon in 2000 the European Union set itself the ambitious target of becoming the most competitive knowledge-based society in the world by 2010. SMEs are vital to the achievement of this goal. There are 19 million SMEs in the EU, making up over 99 % of enterprises in most EU Member States. They create wealth, foster new ideas and are a key source of new jobs. Europe will only become a centre of e-business if European SMEs are fully committed to using the Internet as a leading-edge business tool.

At EU and national level many initiatives have been launched to help SMEs play their full part in the digital economy. The eEurope Go Digital initiative constituted a first policy response at EU-level for helping SMEs to make use of ICT and seize the opportunities of the e-economy. But much remains to be done, as in spite of all these initiatives there are wide differences between the use of ICT and e-business in different Member States and regions. I am firmly convinced that to achieve our goal we must share what we have learned and use our practical experience to try to find out what works best. .

Benchmarking is about helping us to do just that – and there are plenty of good lessons to learn from good practice in policy making from public administrations across Europe.

- Firstly, policies to raise the awareness of SMEs of the potential for profitable opportunities in the digital economy and to train them in how to make them real.
- Secondly, policies to help to establish support networks for SMEs, to ensure that good ideas and working business models are shared.
- Thirdly, policies to help SMEs to take part in the digital economy, such as those which promote Internet platforms for SMEs.

In each of these categories, examples of good e-business policies have been identified. They have been developed in response to different challenges to meet the different local needs of SMEs. And most importantly, they have been developed in Europe, demonstrating that SMEs can be helped to go digital.

Each of the policies presented in this report tells a story. They challenge us – policy makers, academics, support organisations and SMEs – to reflect on what lessons there might be for our own situation. They should stimulate us to think how we can improve and better co-ordinate European, national, regional and local e-business policies

But the process of sharing and learning from good practice doesn't end with this report. We are keen to take forward the lessons from it, sharing and building on the experience of different Member States and regions. We will continue the process of sharing good practice and learning from it by setting up an e-business support network.

As has been confirmed in the e-Europe 2005 Action Plan, SMEs and e-business remain at the heart of Europe's political agenda and I'm delighted to welcome this report for the way that it underpins this message.

Foreword by Anna M. Birulés, Minister of Science and Technology, Spanish Presidency

The Spanish Government places great importance on innovation within the economy. In fact, the recent creation of the Ministry of Science and Technology in 2000 demonstrates the importance associated with the promotion of research, development and innovation activities.

One of the most important elements of innovation in the modern economy is that brought about by information and communications technologies (ICT). These technologies can and do lead to dramatic changes in the way companies buy and sell their products or services and organise themselves. So it is a major challenge to spread awareness in the business sector about the existence of the new tools and the business opportunities they can provide.

This is particularly true for SMEs, which dominate the Spanish economy. They account for more than 95% of the overall companies active in the country and for a large share of GDP

The Spanish Government has tried to deal with these concerns by supporting innovation within SMEs, through the design and implementation of several programmes and initiatives, building on past experience but also adapting flexibly to current needs. Some of them are specifically linked to the use and implementation of ICT by companies.

Nevertheless we are aware that Spain is not alone in this respect. The European Union Member States regard SME engagement in ICT and e-Business as vital to the achievement of the goals that the European Union set for itself at the Lisbon summit in March 2000.

We know that we have a wealth of experience in Europe and that we can learn from each other. Both successes and failures can provide valuable information able to be translated into practical political solutions.

The promotion of corporate innovation is one of the fields where national and regional policies can be compared and tested, thus providing a practical example of mutual learning in action. But, in order to learn, the information must be available. Further, it must be analysed and compared so that practical conclusions can be drawn.

This report is a major step in enhancing mutual understanding of e-business policies across the EU. It draws on the hard work of the services of the Commission and of the official representatives of the governments of the Union Member States. I'm confident that it will be a very valuable contribution to policy formulation in the coming months and years.

Foreword by Hans-Werner Müller, Secretary General of UEAPME

In the year 2000, the heads of states and governments of the European Union met in Lisbon and took a very wise but also very ambitious decision – which is now referred to as the Lisbon strategy. In Lisbon, the EU leaders set a target for the EU to become the most dynamic and competitive knowledge-based economy in the world by 2010.

In my opinion, two prerequisites are necessary to achieve this goal:

- Firstly, it is necessary to integrate the over 20 million small and medium-sized enterprises (SMEs) in Europe into this process, since we call them, rightly, the backbone of the European economy. It is very encouraging that all stakeholders on the European scene have also realised this.
- Secondly, the more than 20 million SMEs have to become part of the so-called digital revolution as soon as possible.

The European Commission has realised all this, and has contributed to the implementation of the Lisbon strategy with a series of well-targeted actions. This benchmarking project is one very successful example of an intelligent and promising action following from that approach

Benchmarking allows good practice to be shared, whether it takes place at local, regional or national level, whether in small or big entities and irrespective of the level of financial support for a project. And the process of benchmarking creates a virtuous circle – the more co-operation occurs, the more the benefits flow from such co-operation.

Therefore, it was a pleasure for my organisation UEAPME (European Association of Craft/Trades and Small and Medium-sized Enterprises) to associate ourselves with this initiative. The preparation of this report and the planned follow-up are proof that political decision-makers in Brussels know about the reality of millions of SMEs and take them into consideration. This will help to build political support for actions to help SMEs adopt e-business and we are grateful for this.

We are delighted to endorse this initiative and to look forward to both a timely follow up and to similar initiatives in the future.

Introduction

The use of e-business techniques is often cited as the principal gateway for SMEs to take greater advantage of opportunities in global markets. However, many SMEs are still lagging behind large companies in using the Internet as an efficient business tool. In order to stimulate usage of the Internet by SMEs, European Member States have deployed a wide range of policies and instruments and have launched many different actions and initiatives based on them.

SME engagement with ICT and associated e-business techniques is considered to be vital to the achievement of the goal that representatives of the European Union Member States agreed at the Lisbon summit in March 2000. The agreed aim is to become the world's most dynamic and competitive knowledge-based economy by 2010. SMEs play a crucial role in achieving this ambition. There are 19 million SMEs in the EU and in most EU Member States they make up over 99 % of enterprises. SMEs generate a substantial share of European GDP and they are a key source of new jobs as well as a fertile breeding ground for entrepreneurship and new business ideas. It may be seen that there is a very valid concern about the consequences if SMEs were to miss the opportunities offered by ICT and e-business to raise productivity and to foster innovation.

The ability of the EU to collectively become a dynamic and competitive knowledge-based economy is therefore critically dependent on whether SMEs are fully engaged in this process. This means that European SMEs need to become fully committed to using e-business and the Internet, supported by ICT as leading-edge business tools. This widespread use must not be limited to buying and selling over the Internet but also – and in most cases even more importantly – to reducing their own costs and to boosting their productivity.

There exists a major opportunity for Member States to learn from each other in the field of public support to SMEs related to the take up of e-business and ICT. This process could arguably have been left to the individual initiative of the more enterprising Member States and regions and would have happened to some degree, in any event, as technologies advance and usage becomes more commonplace. However, Member States and the Commission have chosen to take a more co-ordinated approach to these issues.

In its Communication “Helping SMEs to Go Digital” [COM(2001)136 final], the European Commission has identified benchmarking as a major step to further promote the use of ICT and the Internet by SMEs.

As part of the Go Digital initiative, the objective of this benchmarking initiative is:

“to describe and benchmark national and regional policies and instruments for the promotion of e-business for SMEs. This will help Member States and regions to assess their policies and identify best practice on the basis of national experience. It should also help to identify how European funds and other EU initiatives can complement regional and national strategies”.

This benchmarking initiative has received widespread political support from the Member States. In May 2001 the Industry Council welcomed the initiative and asked Member States to actively support it, and the Committee of Regions said that it

considered the initiative to be a crucial exercise and welcomed the efforts in this direction.

The ultimate objective of this benchmarking project is to better adapt national and European policies to promote e-business to the needs of SMEs across the EU, thus improving their efficiency. As such, this initiative is part of a broader policy approach which is the subject of a continuing dialogue between Member States. This broader approach to policy development will comprise the following five main steps:

- The first step is to obtain a clear picture about the adoption of ICT and e-business by SMEs. The analysis presented in this report is only a starting point. Further statistical work will need to be encouraged in order to identify the size and scope of the problems and issues to be addressed by specific policy initiatives in support of ICT and e-business by SMEs.
- The second step is to benchmark existing policy initiatives in favour of helping SMEs to go digital against pre-defined criteria. The objective here is to identify examples of 'good' public sector practice in selected areas. The issue in this instance is not to prescribe which policies should be adopted, but to set out the process by which this should be done, by learning from experience.
- The third step is to present the results of this benchmarking initiative, including examples of good practice in policy making in this area to a broader audience of policy makers. This will be done initially in a high-level conference in Brussels, on 20 June 2002.
- The fourth step will be to identify a number of quantitative targets to be achieved through a combination of national and/or European policies, for example in the areas of awareness and training, and SMEs support services. Such targets should be adapted to the differing needs of SMEs, possibly resulting in a range of priorities and policies.
- The final step will be to monitor the implementation of the policy targets, on the basis of agreed indicators. This should result in an "e-business scoreboard" which should be integrated into the Enterprise Scoreboard, thus measuring the efficiency of SME policies in support of e-business and ICT.

This benchmarking initiative covers primarily the implementation of the first three steps. The next step will be to agree upon clear, measurable targets and indicators for an 'e-business scoreboard'. This objective will be further pursued within the framework of the eEurope 2005 initiative, which will include e-business and ICT adoption as major priorities.

1 Benchmarking e-business policies for SMEs: The approach

Benchmarking national policies is not an easy task. Not only is there a lack of a commonly agreed methodology, but it may also be difficult to compare e-business policies across borders as they may address different challenges and problems.

In this section, some of the major problems of SMEs in embracing ICT and e-business are further analysed in order to illustrate which policy challenges may derive from them. In a next step, possible policy actions in response to these challenges will be presented. From this analysis it follows that specific support actions in favour of SME may only be considered as partial solutions, complementary to a general policy which aims at creating a favourable environment for e-business for all enterprises.

1.1 The problem: the digital divide between large enterprises and SMEs

At the Lisbon summit in March 2000, the European Union representatives set the goal of becoming the world's most dynamic and competitive knowledge-based economy by 2010. To achieve this goal the representatives recognised the need to promote an 'Information Society for All', and to address the issues of the digital divide in the adoption of Internet and e-business adoption and use.

The statistical evidence currently available points to two main digital divides on e-business issues within European Member States:

- The regional digital divide arising from the different rates of progress in e-business development within the EU, generally perceived as between the Nordic/Western and the Southern European Member States. While Nordic and some Western European countries are fast and sophisticated adopters of e-business – in some cases perceived as the world-wide benchmark – the situation is entirely different in regions with less developed economies, particularly in Southern Europe.
- The digital divide by company size arising from the significant 'gaps' between SMEs and larger enterprises in the more advanced forms of electronic commerce and particularly in terms of e-business integration and associated skills. This is set out clearly in the Eurostat "e-commerce and ICT usage by European enterprises" survey of 2001¹.

The effect of the two digital divides is cumulative and gaps therefore tend to widen. Thus, SMEs in the less advanced countries are likely to become the main focus of policies to promote ICT and e-business adoption at the EU level. However, it should be noted that in some Member States the differences between regions are as large as

¹ This major survey covered SMEs with 10 - 249 employees, in 13 EU Member States plus Norway (the gross sample was 100,000 enterprises), and reflects the situation in the period November 2000 and June 2001. It was conducted by Eurostat together with the National Statistics Institutes and sponsored by DG Enterprise. This covered the adoption of ICT and e-commerce in all sectors of the economy (except in Germany, where only the retail and wholesale trade, restaurant and catering sectors were included). The overall response rate across the Member States was approximately 40%, but this was significantly affected by the very low response rate of 7% from Germany. The conclusions to be drawn from the German data should, therefore, be treated with some caution.

between Member States, thus providing a challenge for the regional policies of some Member States.

Table 1 shows the adoption rates of various e-commerce and ICT by SMEs in EU Member States and Norway. These indicators focus mainly on the adoption of e-commerce models, thus limiting the analysis to buying and selling and making payments online. Although e-commerce is relatively easy to identify and to measure as a distinct activity, one should be careful not to over-emphasise e-commerce. Enterprises are engaged in e-business in different ways, from buying and selling online to more sophisticated e-business applications and processes. Therefore, this table should be used with some caution as an indication for the adoption of e-business. This applies in particular to the use of the Internet as a new distribution channel.

Table 1 - SME e-business adoption rates in 2001

% of SMEs	A	DK	E	FIN	EL	S	UK	D	L	NL	I	NO
Using ICT	92	95	91	98	84	96	92	96	90	87	86	93
Having web access	83	86	66	91	54	90	62	82	54	62	71	73
Having a presence on web via own web site	53	62	6	58	28	67	49	65	39	31	9	47
Having a presence on web via third party web site	26	N/A	28	N/A	8	N/A	11	21	13	N/A	26	N/A
Making e-commerce purchases	14	36	9	34	5	31	32	35	18	23	10	43
Making e-commerce sales	11	27	6	13	6	11	16	29	9	22	3	10

Source : European Community survey on e-commerce 2001

Table 1 is based on the Eurostat survey which does not cover micro-enterprises (0-9 employees). The information available for micro-enterprises in general shows even lower levels of use of ICT and participation in the e-Economy than small and medium enterprises.

However, micro-enterprises do not lag far behind SMEs when it comes to e-commerce transactions, which suggests that once they have decided to use ICT and adopt e-commerce they move on more readily to deepening their participation in the e-Economy.

Other than a slightly slower take-up, the available data for micro-enterprises does not strongly highlight any significant new policy challenges separate from those highlighted by the SME data.

The fact that SMEs lag behind larger enterprises with respect to the take up of ICT and e-business is a matter of political concern and calls for remedial action. It is important however to understand what the real policy challenges are behind these 'gaps' and what should be expected from any support actions proposed to address these challenging issues. In other words, policy actions in support of e-business and ICT adoption for SMEs should be based on a sound knowledge of the problems to be tackled in order to maximise their potential benefit to SMEs and to the EU economy as a whole.

The digital divides described above in part result from the existence of barriers – perceived and real – which may discourage SMEs from entering the digital economy.

These barriers potentially exist for all companies, but they affect SMEs more seriously than larger enterprises because:

- SMEs are often forced to accept market conditions as they find them. They are not in as strong a position as larger firms to shape them. So long as uncertainties about the future opportunities and benefits of ICT and e-business adoption prevail, SMEs will be reluctant to fully embrace the new technologies and business models.
- SMEs often have very limited resources for experimentation; they can not afford to make expensive mistakes. Although primarily financial, these limitations also extend to the use of valuable time and management and personnel resource constraints.
- SMEs often have small and clearly defined 'niche' markets, which are restricted to certain regions and/or certain parts of the value chain. Thus, they may not wish to enter into global business via the Internet as this would create expectations which are difficult to meet, e.g. due to the lack of linguistic skills and logistical capacity to deliver.
- SMEs are often concerned with the integration of their legacy IT systems, which have become outdated and insufficient to accommodate new functionality. These legacy systems represent, however, an important investment made by SMEs and on which they wish to further capitalise by integrating them in new IT solutions and e-business models.

Against this general background, it is not surprising that many SMEs are still sceptical about the wider use of ICT and e-business. The main obstacles as perceived by micro-enterprises and SMEs are shown in Table 2.

Table 2 – Single most important reason for not using the Internet, by size of enterprise

Reason for not using Internet	% of enterprises		
	Micro 0 – 9	Small 10 – 49	Medium 50 - 249
No skilled personnel	17	20	16
It would not pay off	18	14	16
Do not trust technology/security	3	2	3
No confidence in regulatory environment	1	1	2
National differences in consumer protection	0	4	0
Cost of distributing product too high	2	2	0
Customers' access to Internet is insufficient	6	9	5
Does not apply to my type of enterprise/product	43	40	40
Don't know/no answer	9	9	18
Total	100	100	100

Source : ENSR (2001), survey 2001, Observatory for European SMEs 2001

From this analysis it can be concluded that:

- Micro-enterprises (0-9 employees) and small enterprises (10-49 employees) share, in general, the same problems as medium sized enterprises (50-249 employees).
- The most important factors impeding SMEs of all sizes from going digital is the widespread conviction that e-commerce is not applicable to their type of products or services and the lack of perceived commercial benefit. This very high percentage is indeed striking and may be explained by the survey's focus on e-commerce rather than e-business. While the validity of those concerns remains an open question, they suggest, however, that it may be unrealistic to believe that all SMEs have a commercial interest in trading on-line.
- ICT skills gaps seem to be more important for small enterprises (10-49) than for micro- and medium sized enterprises. A possible explanation of this difference is that small enterprises start using more sophisticated applications of ICT and e-business, while the micro-enterprises may content themselves with first steps in ICT usage, e.g. Internet access and simple Web presence, and most of the medium-sized enterprises are probably already advanced e-business adopters.
- National differences in consumer protection legislation apparently more adversely affect small enterprises (10-49) rather than micro- and medium sized enterprises. This may reflect the fact that most micro-enterprises are not engaged to the same extent in cross-border trading, whereas medium sized enterprises are more likely to have the resources to deal with the legal issues arising.

These findings confirm that there are still a number of important barriers, in e-business and ICT adoption that may be considered for policy actions. These perceived barriers differ in the various Member States and they tend to change over time as SMEs mature in their levels of sophistication in using e-business practices and ICT.

1.2 The challenge: How to help SMEs to go digital?

The perceived barriers set out in the previous section confirm that SMEs are facing specific problems in fully embracing the opportunities offered by ICT and e-business. This, however, does not necessarily imply that specific actions in support of SMEs are best suited to address these problems. SMEs benefit in particular from a reliable, stable and open business environment, which encourages all companies to adopt e-business practices. This has the effect of lowering market access barriers and the corresponding costs and risks of IT investment. The problems of SMEs cannot be addressed in isolation. As with larger enterprises, SMEs would benefit from:

- A stable legal and regulatory framework; in particular for cross-border trading. Such a framework should balance the needs of suppliers and consumers and provide accessible and affordable alternative dispute resolution mechanisms (ADRs).
- Further liberalisation of the telecommunications supply; liberalisation has the effect of lowering prices for Internet access which in itself underpins the adoption of e-commerce.
- Inter-operable ICT solutions; these will increase the likelihood that e-commerce via the Internet will be able to avoid the exclusivity often associated with Electronic Data Interchange (EDI) and thus promote its wider adoption.

- Increased use of ICT by governments; more sophisticated and widespread use of e-based services and ICT by national, regional and local governments would create an incentive for many enterprises to step into the e-business world. In addition, this would provide a mechanism by which firms could reduce their administrative overheads.
- Easier access to finance; many traditional finance providers are wary of lending against 'unproven' and therefore higher risk business strategies and ideas. In most cases e-business is seen as an 'unknown' discipline, although there is a growing cadre of professional investors who actively seek out e-business and other knowledge-based economy type firms. Typically these are some of the more forward thinking venture capitalists, managers of new technology based funds, business angels and, increasingly, corporate investors. Much of the day-to-day funding for SMEs tends however to be through commercial banks who remain some of the most conservative investors.

At both European and national level, many of the necessary steps have been taken to address these fundamental policy issues. The legal framework for e-commerce has been widely established and the telecommunication markets are being rapidly liberalised across Europe. The eEurope initiative provides the framework to foster e-applications in many areas of public interest. In this context, e-government has been identified as a key priority, followed up by a series of actions to promote e-procurement and other public services delivered online. In addition, the question of venture capital has been properly addressed and actions have been launched to facilitate the access to funding for SMEs.

Yet, in spite of these "horizontal" policy actions, SMEs are still seen to lag behind larger enterprises, thus suggesting a political challenge. SMEs lag behind in integrating ICT and e-business, even though SMEs are considered to be more flexible in their internal organisation than larger companies and they should, potentially, be able to adapt to changing market conditions more quickly and efficiently. The statistical evidence shows, however, a pattern across EU Member States that in general the smaller the enterprise is, the less it uses ICT.

This report is not intended to analyse the precise form of a more specific SME-focused response to address the digital divide. As confirmed by the first phase of this benchmarking initiative, Member States are generally following a relatively proactive approach in helping SMEs to go digital, as demonstrated by the great number of specific actions in this field². The key issue in this report is to identify what can be learnt from these regional and national policy initiatives to maximise the potential positive effects of specific actions in support of the take-up of ICT and e-business by SMEs.

The response to this question has, however, to be tempered by a clear understanding of the limits of when public policy support measures are needed and what can be achieved by them in general, so as not to overstate the achievements of public support.

- Firstly, the main responsibility for SMEs going digital lies with the SMEs themselves. Individual entrepreneurs must make their own decisions about what is needed and what is appropriate in their own business. In this field, as in other areas, the role of support services from the private sector is seen as much more important than public support. Public support is not the decisive factor in this respect. Public sector policies should not result in market intervention, competing

² Benchmarking national and regional e-business policies : Synthesis report (February 2002)

with services offered by the private sector, but should be based on an analysis of identified market failures.

- Secondly, it would be unreasonable to expect that every SME in Europe would want, or be able to find, profitable opportunities to benefit from e-business. In other words: the target benchmark should not be seen as 100%.
- Thirdly, there are signs of “e-fatigue”. After the dramatic collapse of many dot.com based businesses, SMEs will now only be convinced by robust business cases for investment, based on real expectations of profitability and underpinned by sound technologies. They will no longer respond to messages that convey only fear, for example that they face a choice between “being in e-business or out of business altogether”.

There is strong evidence that some Member States have launched very promising policies aimed at helping SMEs to make better use ICT and the Internet as a business tool. Although it is difficult to prove, at this stage, which impact these policies had on the performance of SMEs, most of them can be found in Member States with a high adoption rate of ICT and e-business. It could be argued that some Member States pay greater attention to the specific needs of SMEs and are more successful in addressing them than others. In this respect, by drawing out good practice across the EU Member States this benchmarking initiative may contribute to a better dissemination of good practice, to a reflection and to the generation of new, improved policies in the area of e-business and ICT adoption.

1.3 The benchmarking criteria: how to learn from “best” policies?

As part of this benchmarking process, more than 150 regional and national policy initiatives which aim to support the take-up of ICT and e-business by SMEs have been identified. As was expected, these policies are very diverse, given the differing policy needs in the different Member States and regions. What is seen as an appropriate policy for a specific country or region may be entirely inappropriate in another environment with different challenges and needs. This diversity provides policy makers with a choice of many different solutions and thus with the possibility of learning from the experiences of others. In this sense, benchmarking, the framework within which this learning can occur, has been identified as playing a crucial role in formulating the policy response.

The aim of this benchmarking initiative is to identify examples of well defined e-business policies, with clear targets and adequate implementation mechanisms., and to analyse such policies with a view to stimulating the generation and cross-flow of new ideas by policy makers, adapted to the specific context of their own countries or regions. This initiative does not seek to assess the impact of these policies on the performance of SMEs related to the adoption of e-business, as it is argued that optimally designed policies, taking into account the different needs and constraints, yield the best results in practice. An analysis of these policies, is intended to disseminate knowledge about how and why particular policies are appropriate for particular needs. This should help national and EU policy makers to better design their respective policies and to follow positive, tested examples wherever possible and relevant.

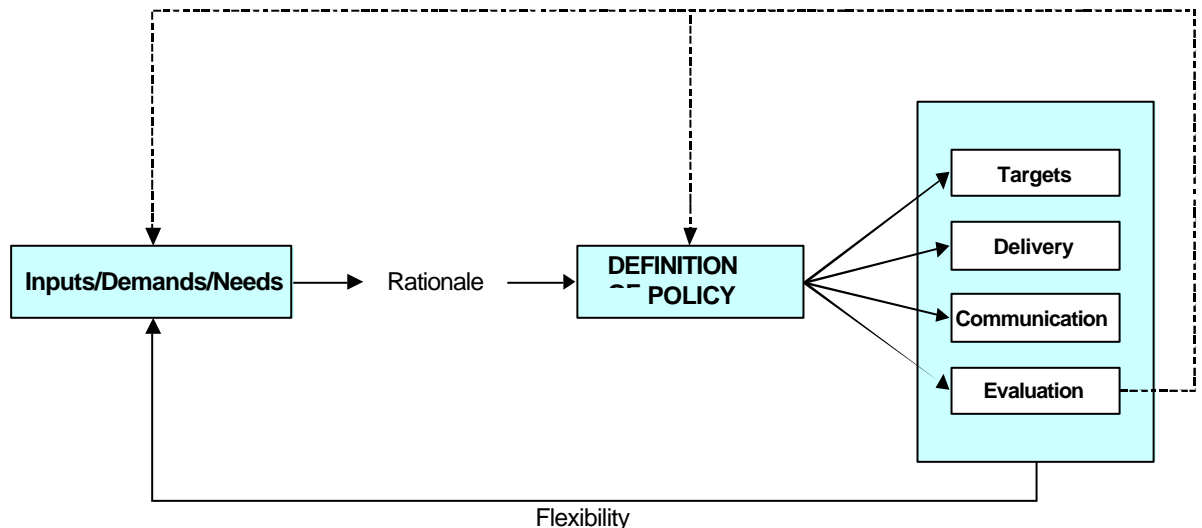
In this sense, this benchmarking project has to be seen as a first step to promote the idea of basing SME policies on clear, rational, realistic and measurable targets. With these factors built in from the start, this should ultimately improve their effectiveness in measurable terms as the policies mature.

Moreover, the e-business policy domain has only recently reached the level of maturity that benchmarking necessitates. It is true that at the beginning of the e-commerce and e-business revolution approximately five years ago, there was excessive 'hype' in the market and governments tended to react by trying to pre-empt potential market failures. Not surprisingly, most public initiatives in support of e-business for SMEs at that time resulted from imitating other more advanced countries in this domain, without a sound analysis of the particular needs and challenges facing SMEs in the target country or region.

To steer the benchmarking project and to ensure that an EU-wide view was given, the "E-Business Policy Group", ("EBPG"), a group consisting of high-level representatives from all EU Member States and Norway and chaired by the European Commission (Enterprise Directorate General) was established. The benchmarking of policies is a difficult and challenging task, taking into account the difficulties in arriving at a commonly agreed methodology and the practical problems encountered in obtaining relevant information about existing policy initiatives at different levels in order to facilitate a stringent assessment based on pre-defined criteria. The EBPG has contributed substantially to both challenges in the best ways possible, resulting in a broad consensus about which criteria should be applied and which policy initiatives should be considered as examples of good practice in policy making.

The benchmarking criteria used to identify examples of good policies in the area of e-business and ICT were related to the policy-making process set out in the diagram below:

Figure 1 - A simplified model of the policy making process



These factors were applied to policies under review, aimed at the promotion of ICT and e-business for SMEs. The application of these factors resulted in development of the following six benchmarking criteria:

- **First benchmarking criterion : The policy rationale**

It is widely acknowledged that SMEs face many different challenges and pressures in all areas of business, not only in e-business. However this broad statement is not enough of a reason to help SMEs : the case for such assistance should be specific and well defined. It is therefore very important for public administrations to attach sufficient importance to the need for a clear rationale. Special programmes should only be adopted to the extent that there is a particular rationale for doing so and in many cases these are in the form of market or systemic failures. In the case of e-business and ICT adoption the rationale is clear, i.e. the importance of SMEs going digital is seen to correspond to the economic competitiveness of the Member States or region and, collectively, to the competitiveness of the EU economy as a whole.

Some of the more important benefits of providing a reasoned rationale include:

- Encouraging the distillation of thoughts and arguments about policies.
- Providing a vehicle for persuading peers and the approving authority of a proposal's merit.
- Acting as an overall management tool for regulating activities over the life of a programme or project.
- Providing a document which will form part of the audit path showing the purpose for which public funds were originally requested and approved.

It is for these reasons that well developed policies must have a clearly defined and robust rationale. The main focus of the rationale normally consists of setting out the problems identified in the first step to allow further discussion and responses from stakeholders. Advice should be sought on the validity and formulation of the rationale early in the process of programme specification, so that the statement being put forward for approval is as well researched and robust as possible.

In order to set out why intervention is seen as needed, it is important to have evidence of a market failure within the target group, and that without intervention this group would in some way be disadvantaged. In the case of policies attempting to promote the use of e-business by SMEs the rationale is clear. The importance of SMEs to the EU economy means that the Lisbon objective, of making Europe the most dynamic and competitive knowledge based economy in the world by 2010, cannot be achieved without the full engagement of SMEs in the digital economy; and the statistical evidence often supports this view. Any policies which aim to further these important economic goals may be seen as being in line with EU policies which are strongly supported by the Member States.

- **Second benchmarking criterion : Definition of realistic and clear targets**

A well-developed policy will incorporate targets which will permit the impact of the policy to be measured, so that value obtained in return for the public expenditure may be assessed. The targets will often need to be consistent with overarching national targets which have already been set, for example that all businesses will be on-line by 2005. Clear, measurable targets are a good way of providing accountability and are necessary for enabling evaluation of a policy after its completion, to identify success.

It is important to ensure that the targets are measurable, achievable and relevant to each specific policy instrument. One should avoid generic targets, such as, for example, to increase the number of SMEs with access to the Internet. It may be difficult to prove to what extent e-business policies have contributed to this, taking into account the technological evolution and business cycles which advance alongside

the policy actions. It is a clear principle that, as far as possible, targets should be related directly to the outcome of the programme and hence the underlying policy.

This is therefore probably one of the most difficult criteria to achieve for e-business policies. It is relatively easy to set quantitative targets for e-business, such as the number of SMEs with Internet access or web sites but it might be less easy to assess the depth of their use of e-commerce models, or the integration of e-business along their value chain. The risk is that one measures what is easy to measure instead of what is important. There are very few current indicators which really reflect the extent of transformation of SMEs to true e-businesses.

- **Third benchmarking criterion : Implementation**

Typically, the formulation of successful policies must include consideration of how the policy will be implemented. As well as considering how implementation will take place, it needs to ideally have an implementation plan developed before the programme is launched. If there is no efficient handling mechanism in place before the programme is promoted, it can discredit the rationale and benefits almost before the programme gets under way.

An adequate policy delivery should ensure sufficient human and financial resources to meet the objectives of the policy. Successful policy delivery does not necessarily have to be undertaken by the public sector alone; public-private partnerships can be an effective means of achieving policy objectives, providing that public administrations stay in control of the process at all times.

- **Fourth benchmarking criterion : Flexibility and adaptability**

Flexibility is an important aspect of the policy making cycle as it needs to be able to respond to the changing economic, technical and market circumstances, particularly in a dynamic environment such as e-business, where policy needs are changing rapidly over time. There should also be sufficient flexibility in the content and operation of the programme to be able to adjust to these changing needs during its lifetime. Ensuring that the policy loop is flexible enables adjustments to be made in the original rationale if necessary.

Protracted procedures for policy formulation, or the dynamic nature of the digital economy may, for example, mean that many policies may be well on their way to being outdated before they are fully implemented. There is in particular a need for flexibility and adaptability in awareness raising actions as the perceived obstacles to the adoption of e-business have varied over time.

For example, the fact that the take-up of e-commerce by SMEs has been slower than expected and that many enterprises appear to focus their attention on other aspects of e-business than buying and selling online, require governments to review their policy objectives. In short, flexibility and adaptability may be necessary in restating the rationale for a policy and also lead to changing targets, the means of delivery, the means of communication and the methods of evaluation.

- **Fifth benchmarking criterion : Communication**

Appropriate communication of policies is paramount to the successful implementation of programmes and gives transparency to public policy intervention. In any democracy, the availability of information is an important condition, and helps governments to form effective partnerships with businesses and citizens.

Communication obviously needs to be adapted to the different target audiences. Users, for example, need to know about how to take up the benefits of an initiative and intermediaries need to know how to advise SMEs on the most effective ways in which to capitalise on initiatives. Policy-makers also need to be informed about developments in the implementation of the policy and how it has been adapted to changing circumstances.

In the specific field of ICT and e-business, policies aiming at a wider use of these technologies and business tools, are themselves demonstrably using them as widely as possible. This means that the communication of e-business policies should as far as possible also be available on-line, and the use of such channels can themselves serve as a practical example and an inspiration to those close to being convinced of the benefits of entering the digital economy. There may, however, remain a need to use off-line communication channels in order to reach the target audience, particularly those who are more sceptical of the benefits of using the Internet, or who lack the skills or the means to do so. It would be counter-productive if the means used to promote e-business and ICT use were seen to perpetuate the digital divide.

- **Sixth benchmarking criterion : Evaluation of the results**

Public administrations and agencies are under increasing pressure to improve their performance and demonstrate the effectiveness of their actions. Evaluation is a key tool in helping organisations to learn how to improve, while providing accountability to government and the electorate. An evaluation may be used as an instrument to generate focused, timely and reliable information to support decision-making; it is often essential in many policy areas, where there are no market-based feedback mechanisms.

An evaluation exercise can be performed during the policy life-cycle and the different types are generally referred to as ‘intermediate’ and ‘ex post’ evaluations. Evaluations both during and after the life of the initiative should take place using the pre-defined targets of the initiative. During the life of the programme (intermediate), an evaluation should provide the basis for assessing whether or not corrective action is needed to achieve the overall targets or whether or not the targets, or even the policy objectives themselves should be changed to achieve the required results. An ex post evaluation will establish whether the policy aims and targets were achieved, i.e. whether the policy has been successful.

According to an OECD report on SME policies, the following recommendations serve as a useful guide for improvement in evaluation of SME-policies in Member States covered by OECD:

- The evaluation methodology should be designed at the same time as the policy and the programme.
- Evaluation should be user-oriented, serving the information needs of the different groups of interested parties (participants, policy makers, the public, etc.).
- Evaluations should use a number of methods to satisfy different information needs.
- There is a need to ensure that the take-up of evaluation results reaches the adequate level of policy and decision-making.

This means that, in particular, the results of programmes should be widely disseminated by electronic means in order to define and promote best practice. It also means that the reports arising from such programmes, particularly where it is acknowledged that there is an intention to share best practice and learn from others, should focus on the practical lessons to be learned, so that policy makers can be in no doubt of the potential benefits arising from the conclusions.

These six benchmarking criteria were used to assess all the identified policies, based on guidance and input from the Member States' experts and the national, regional and local programme managers responsible for the initiatives. In cases where the information available was not sufficient to reasonably assess the relevant policies, and further information was not forthcoming after repeated requests, they were not considered further. Inevitably, this report cannot claim to have identified and analysed every single relevant policy in every Member State.

Potential candidate policies for short listing were investigated through follow up research and, where necessary, discussion with the initiators of the policies. In particular, for each policy it was necessary to establish why it could potentially be regarded as an example of a good practice and what key lessons could be learnt from this policy. It is worth, however, restating that this selection process was conducted within defined parameters. Further analysis was undertaken only on those policies which passed the first 'hurdle' of the benchmarking exercise using the six criteria agreed with the EBPG.

The results of this benchmarking study are presented in the next section, along with some general lessons for policy makers in the arena of ICT and e-business which can be learnt from the assessment of the policy initiatives. The final selection of examples for good governmental practice in support of e-business for SMEs took account of their fit with the benchmark criteria and the potential for others to learn lessons from the success story. Therefore, they represent interesting examples for policies in EU Member States which are designed to help SMEs to go digital, and which are based on a well-defined rationale, with clear targets and implemented in a flexible and effective manner. This is encouraging in view of further sustaining the Lisbon objective of becoming, by the year 2010, the most dynamic and innovative knowledge-based economy of the world.

2 Benchmarking e-business policies for SMEs: The results

The principal objective of this report is to identify examples of good practice in specific measures that support the adoption of ICT and e-business by SMEs. This raises the important question of which, out of a broad portfolio of business support policies in this area, should be considered as instrumental for this specific purpose. It was agreed that the analysis should only include ICT and e-business policies that have a demonstrably clear SME focus. Furthermore, the analysis concentrated on the policy level, excluding actions taken at a project level, which more specifically relate to implementation of policy actions. Altogether, over the course of the benchmarking exercise, information was collected on more than 100 relevant examples of local, regional and national measures which form the basis of the analysis.

The policies referred to in this section provide the 'best fit' to the benchmarking criteria which were established. They therefore constitute, within the definitions adopted by the Commission and the EBPG, good policy practices, from which lessons may be derived. The final list was drawn up from 19 policies that scored highly in the benchmarking exercise and for which further information could be collected in order to make interesting and comprehensive case studies.

In order to aid clarification, four headings have adopted for policies identified in this benchmarking exercise: *E-business framework policies*; *E-business awareness raising and training policies*; *E-business support networks for SMEs*; and *Helping SMEs to use Internet platforms*.

For each of these headings further analysis is provided according to the benchmarking criteria (rationale, targets, implementation, flexibility and adaptability, communication and evaluation).

2.1 E-business framework policies

Some Member States have devised broad national umbrella policies to address the issue of promoting the use and benefits of e-business for SMEs. Such framework policies often set clear and ambitious targets and establish policy co-ordination mechanisms to ensure that the various component initiatives are serving common goals. They cover a broad spectrum of initiatives, from awareness actions, to establishing SME support networks and providing consultancy and customised services to SMEs. These policies, often major government responses, have in most cases a strong political prominence with the ambition of influencing policy across the whole of a country or a region and therefore on the overall economy.

In the past, framework policies have developed around important issues such as quality, productivity and automation. It is a mark of the recognition given to the likely effects of e-business that several European Member States have created framework policies around the subject. Such policies often have substantial budgets and extensive publicity programmes, reflecting the high political priority and visibility which is given to them.

Framework policies are typified by being both horizontal and vertical in concept, with a strong central strategy and message addressing a variety of needs. They are horizontal in the sense that they usually cover most business sectors and bridge between education, business and the citizen. They are vertical in the sense that they

impact upon primary, secondary and higher education and as well as in the workplace in the form of training and up-skilling initiatives.

In some cases, framework policies go as far as offering tax incentives and providing financial support in the form of grants or loans, for example to purchase or upgrade hardware. In others, they mainly serve as a co-ordination mechanism among different initiatives or to develop common strategies in support of ICT and e-business.

Examples of good practice in the area of framework policies:

UK – UK online for business is a government/industry partnership which consists of a range of initiatives which aim to raise business awareness of the potential benefits of e-business and to provide advice and support for the adoption and use of ICT. The overall target for the programme is to make the UK the best place in the world for e-commerce by 2004, as measured by the cost of Internet access and the extent of B2B and B2C transactions that are conducted on electronic networks. The different elements of the programme all have their own “SMART” (Specific, Measurable, Achievable, Realistic, Timed) targets.

Greece – the e-business forum is a framework policy that provides a constant, open and broad consultation mechanism on e-business policies, involving the state, the business community and academia. The aim of this continuous three-way dialogue is to provide a mechanism for the exchange of opinions, ideas and expertise, in order to understand better the real needs of SMEs, to identify market failures and suggest concrete policy recommendations to resolve them.

Norway – the VerDI programme is a framework policy in the broadest sense as it extends from awareness raising, promoting joint measures and infrastructure, providing knowledge and professional development and special projects to provide direct consultancy support. The overall aim of the programme is to strengthen SME competitiveness and profitability through increased awareness and use of e-based systems and technologies.

The Netherlands – The Netherlands Go Digital programme offers a combination of support for the use of independent advisors and a variety of information channels ranging from individual business attendance at workshops to working through trade bodies to encourage sectoral participation. As with most framework policies, the broad aim of the programme is to stimulate the use of e-business in order to position Dutch firms further up the e-business ladder. There is also a wider aim of developing the Netherlands into a leading position in the digital economy.

Spain – Catalunya on the Net provides a far-reaching regional plan to stimulate business adoption of e-business and to encourage the development of companies who produce products and services for e-business. Organisationally, the programme is also far reaching in that it incorporates all local municipalities and government divisions in Catalunya.

Framework policies have been identified in six Member States and include Northern and Southern countries. Framework policies in the Southern countries are mainly structured to fit with the country strategies in place through the use of the Structural Funds and the eEurope initiative. All the policies are of long duration, typically 3+ years, with a defined committed budget for implementation.

The strong central strategies which typically underpin framework policies, backed up by substantial political and financial commitment, often lead to very diverse

programmes which at best could be considered comprehensive, but at worst may be confusing to users. They therefore need to have clear content, deliverables, benefits and time scales so as to avoid potential confusion from users. The policy makers and those who are used to deliver the resulting programmes need to be clear on where the boundaries lie between the different initiatives so as to avoid duplication and dual funding.

Focusing on the benchmarking criteria, the consultation strategies which set out the needs depended heavily on the type of policy in place, for example, in the case of UK online for business and the Netherlands Go Digital, both large scale national umbrella programmes, substantial surveys were used in order to judge the needs of SMEs and consultation continues through the life of the programme. Similarly positive, the structure of the Greek e-business forum analyses meant the various issues arising, based on open dialogue and consultation with the different stakeholders. The recommendations made are a result of the consensus building process and therefore have a wide range of support. The e-business forum, having an overall view of activities in the ICT and e-business field, enables co-ordination between such activities.

All the good examples of framework policies have policy rationales in place and are generally well defined. The targets for the policies are broad, a feature which is necessary as framework policies are often implemented through smaller programmes and projects that are more likely to have specific aims and objectives. Nevertheless, it is important that these programmes should have clear targets in order that their effectiveness, achievements and value for money can be assessed. The diversity of their component initiatives means that these programmes can be a rich source of information about what works best in different circumstances.

Some examples of the types of targets set at the framework level are:

- Netherlands Go Digital: Two-thirds of SMEs should have an Internet presence and should conduct business transactions via the Internet.
- E-business forum in Greece: Broadening dialogue with stakeholders, suggesting policy recommendations, linking initiatives to the international agenda.
- VeRDI (Norway): participating SMEs to develop and execute e-strategies through using an advanced electronic toolbox available through the Internet.
- UK online for business: The target is to make the UK the best place in the world for e-commerce by 2004, as measured by the cost of Internet access and the extent of B2B and B2C transactions that are conducted on electronic networks. Individual initiatives within the programme have their own detailed targets.

The framework policies identified showed some common factors in their policy delivery. In most cases this tended to apply to the range of actions taken: publicity, advice, demonstration, etc. Some programmes appeared to make more formal arrangements to network with agencies such as chambers of commerce and local authorities, whereas others tend to base contact on general promotion rather than direct participation. Although each has its merits, the multiplier effects of outreach to businesses through intermediaries can stimulate more focused interest from sectoral groups and specialist trade members.

Flexibility in the framework policies is most likely to be introduced as a result of an evaluation, and evaluation is an area where these policies have proved to be strong, with four policies of the cited good examples involving formal evaluation practices which test the original rationale for intervention.

2.2 E-business awareness raising and training

The owners of SMEs are often focused on the day to day operations of their business and lack the time to understand how new technologies work and the benefits which they can bring. Moreover, many of them are not convinced about the applicability of e-business to their type of products or services, while they also fail to perceive the commercial benefits from going digital.

SMEs often have difficulty finding appropriate sources of business advice and information, as SMEs in particular need to feel comfortable that the information and advice they receive is independent. In addition, SMEs face particular difficulties with regards to e-business skill shortages, which are considered to be one of the major inhibitors to the adoption of e-business. Most Member States recognise this need and have launched initiatives to enable SMEs to acquire, or to continuously adapt, their e-business skills, through direct training, e.g. targeted seminars for SMEs, traineeship programmes, etc.

The policies identified under this area do not include generic measures to promote ICT and e-business skills, but rather specific initiatives addressing in particular the needs of SMEs. The European Commission (Enterprise Directorate General) is currently tackling this very broad and interesting area through an “ICT Skills Monitoring Group” that is analysing and monitoring the demand for ICT and e-business skills, as well as the supply of a suitably skilled workforce in Europe.

Awareness raising is the most popular focus area for e-business policy activity, with the highest number of identified programmes or initiatives. This is not surprising, as it is always necessary as a starting point to inform and engage potential participants about the challenges and opportunities offered by ICT and e-business before seeking to engage them in more sophisticated activities. Even in Finland where they have the highest rates for both ICT use and web access amongst SMEs (98% and 90% respectively) it is still perceived as important to raise awareness among micro-enterprises.

The policies identified in this study cover the 15 EU member States and ranged from large nation-wide campaigns with national prizes to localised schemes helping business communities to take advantage of new technologies in their businesses. The large, general awareness raising activities covered a wide range of topics and used different methodologies to reach their respective audiences.

Examples of good practice in the area of e-business awareness and training policies:

Finland – eAskel was developed by the Ministry of Trade and Industry in order to enhance e-business all over Finland, the goal of eASKEL is to increase SME management competencies in strategic e-business development, realise profitable e-business opportunities, identify core development needs for e-business, and to produce a development plan for participating companies. To achieve these objectives, private consultants take between 2 and 5 days to analyse each of the participating companies and develop appropriate tailor-made action plans.

UK/Scotland - First Steps Workshop Series is a programme of 4 half-day workshops to help companies exploit the potential of the Internet and electronic commerce. It is organised by Scottish Enterprise. The programme addresses the goals of the 'Connecting Scotland strategy' and therefore forms part of a more wide-ranging strategy for further developing an e-Economy in Scotland.

Austria - Ecaustria ('Let's e-biz') is a web-based information source and online communication platform set up by the Federal Ministry for Economy and Labour and the Austrian chamber of commerce. Ecaustria was created as an element of the "Let's e-biz" project, which is the main communication venue for the overarching initiative "e-business in a new economy" of the Ministry.

Sweden - SVEA aims to raise awareness amongst SMEs of the commercial possibilities of e-commerce and how e-business can be used in different parts of the business process. SVEA focuses on SMEs that have no previous contact with e-business and are characterised by low IT knowledge.

Germany – the B-online project, based in Lower Saxony, makes extensive use of chambers of commerce and Trade to provide local access points across the state. Working at this 'hands-on' level gives closer access to businesses and establishes their problems and issues in adopting e-business. Contact is mainly through information events and neutral (non-IT sales) consultation.

Focusing on the benchmarking criteria and policy-making procedures that have been put in place, it is clear that a very high number of the awareness raising and training policies have taken SME needs into account at the outset. A mixture of methods has been used in order to consult with the target SMEs for the programmes. Some of the more sophisticated and better-documented policies used large-scale surveys of SMEs, combined with an ongoing consultation with the target group. Another method employed was to combine a large-scale survey with the results of a previous pilot scheme (or evaluation). There is no particular pattern to these findings and it would not be true to say that the larger the scheme, the better the consultation process.

Looking across all the national, regional and local policies identified, a higher proportion of local policies showed evidence of more sophisticated methods for determining the needs of SMEs. However it is a more straightforward task to define methods for taking account of users needs when target groups are smaller and needs therefore more specific. Some of the schemes relied upon representative bodies to provide the initial consultation into the policy making process. It would be interesting to note whether such schemes are as effective as those that involve real end users are. Another interesting outcome would be to look at whether there is a genuine correlation between the design process and the evaluation.

The policy rationale usually states the necessity for government intervention and the general aims of the programme. Around half of the awareness raising and training policies stated policy rationales and gave evidence of their existence. The majority of these rationales were either presented in the original proposal for funding or in formal project papers. They were not necessarily based on evidence collected for the particular policy under review. Often, the country or region used data already in existence or commissioned a survey to answer a number of separate questions on different policy issues that may relate to economic issues as well as lack of awareness. Few policies presented here gave detailed information on the focus of their rationale. Policies that have an informal rationale have mostly indicated that there was nevertheless a consultation process in place when deciding to fund the policy.

Awareness and training schemes identified contained a mixture of both quantitative and qualitative targets. The quantitative targets ranged from the basic counting of the number of SMEs involved and the number of case studies identified to the more subjective number of jobs created. The qualitative targets included, for example, measures such as making information easier to understand and more accessible to SMEs, increasing the competence levels of SME managers and stimulating e-business usage in companies. Where targets were harder to define were in the case of policies with measures that included prizes and awards, and guides/publications.

The initiative UK/Scotland - First Steps Workshop Series provides a good example for setting measurable targets in this domain. While general targets for the participation of SMEs in e-business had been set at national level, determining metrics and appropriate targets at regional level was left to the regional policy makers. Scottish enterprise faced this challenge by restricting their targets to outcomes that can be directly attributed to this initiative. This became a continuous effort and they work increasingly with partners and intermediaries to develop metrics and targets to measure the effectiveness of their strategies.

Well over half the awareness and training policies analysed stated the existence of an implementation plan and adequate resources in place to deliver the policy. Information on the actual policy delivery was less well defined in the majority of the policies. Programmes that relied upon external contractors to deliver their services were the most well defined and those schemes tended to be in the more Northern European Member States (UK, NL, A, DK, SE, FIN); there were very few awareness schemes identified in Southern Europe per se. Another model implemented widely was the use of an external contractor to work in partnership either with the government or several related agencies.

Flexibility is an important aspect of a policy focused on awareness and training, as the programmes will need to respond to the changing needs of SMEs as they become more mature in their awareness and training needs and market conditions. Most of the policies followed the same type of procedure in order to adapt to change, which was to use a combination of feedback mechanisms from the target audience and formal consultation. The simplest way was to have on going surveys that look to the users of the programme to see how effective it is and what new types of services would be appropriate. These can then be implemented accordingly within the flexible policy framework. Examples of policies that use this approach include 'let's ebiz' and 'teleft' from Austria. The Finnish 'eASKEL' programme uses a mechanism of product development days where the consultants and product managers are invited to give feedback on how the programme can be better suited to the needs of the SMEs involved. SVEA, a Swedish awareness raising programme, uses its local networking partners as a mechanism for feeding potential changes into the system.

The awareness raising schemes can capture an audience of SMEs with no or limited exposure to doing e-business. Once they have their captive audience, the schemes have the opportunity to adapt to the changing needs of the SMEs as they become more sophisticated users. In prizes and awards for example, many of the policies covered respond by keeping a close eye on the market or the general economic climate and adapt their prize categories to take account of changing circumstances.

The communication of awareness policies is paramount to the successful implementation of programmes and gives transparency to public policy intervention. This is particularly pertinent in the case of awareness raising policies that have the objective of increasing the awareness profile of the advantages of e-business. The majority of the policies rely heavily on the web in order to communicate their message, but other more conventional mechanisms have been identified in many of the policies. These mechanisms include, leaflets, presentations at conferences and widespread mail shots indicating the continuing importance of offline materials in order to relay the message – this is to some degree evidenced by the number of web-based suppliers who continue to advertise their presence through other media such as press, TV and radio.

The need for wider promotion leads on to the examples of more sophisticated PR campaigns. For example, SVEA, the Swedish awareness and training initiative, has employed a part-time communications expert to deliver the message. There is widespread evidence that policies use some of the more traditional media channels for delivering their key messages and that local and regional networks are key mechanisms for targeting SMEs.

Just under half of the policies investigated indicated that there was a formal evaluation undertaken. Some of the evaluations were ad hoc and external to the programme, while others were pre-planned. The evaluations presented were mainly intermediate. This is presumably because the programmes were all still running at the time of the review. The ones that indicated they were evaluating at the end of the programme also identified specific evaluation criteria that would be used for measuring the successful outcome of the programme.

As a general remark, the main role of awareness raising policies is to help SMEs to see and make the business case by measuring and clearly communicating the potential e-business benefits. In the past, many awareness policies have relied on general statements about the benefits of e-business adoption. However, after the failure of many e-business models there are nowadays increasing facts and figures to offer to quantify those benefits. Awareness campaigns should communicate hard facts and figures on the economic impact of e-business to European SMEs, even to the level of, for example, typical cost reductions on introducing online ordering, inventory and invoice processing.

2.3 E-business support networks for SMEs

SMEs in EU Member States have access to a number of business organisations, such as chambers of commerce and professional institutions. Although these organisations are skilled at representing the interests of SMEs, for example in political lobbying and trade negotiations, few have the financial or human resource capacity to truly act as intermediaries in the introduction of new technologies and innovative business management solutions. In order to address this issue, many Member States tackle the challenge by establishing SME business support networks that typically aim to provide targeted knowledge and practical assistance to SMEs in the various stages of their effort to adopt concepts such as e-business. Such support is often on a part-funded basis.

There are various types of support networks of this nature in operation across the Member States. These include extending the work of existing organisations such as chambers of commerce, state ministries, public/private partnerships (more prevalent in the Northern Member States) or using trade/ professional associations to deliver on a specific contract basis. SME interactions in these situations may be on a one to one basis, or consist of a group of like-minded entities, or clusters of firms. There are a number of networks that are termed 'competence centres', where specific techniques or technologies are focused on the benefit primarily of SMEs. Good examples of competence centres exist in Denmark, Germany, Greece, Portugal and the UK.

Both specialist and general business support networks are a classic way of providing assistance at Member State level. General business support networks are already largely embedded in the internal infrastructure of all Member States. Creating or adding new specialist services which extend the range of general business support - such as those promoting e-business - are therefore readily accepted by SMEs and their respective service providers in the regions. In some cases the costs of adding these specialist services may be offset by using existing buildings, staff, databases, etc. Policies that are successful in promoting network development need to take a broad, well co-ordinated strategic approach based on demand, and ideally combining public procurement in tandem with measures targeted at SMEs to encourage their use.

The SME support network policies that have been identified during the benchmarking phase of this study, cover 14 countries and also include a number of regional networks, one of which from Denmark has been identified as a good practice policy.

Examples of good practice in the area of promoting SME support networks

Ireland – The PRISM II initiative is managed by the chambers of commerce of Ireland (CCI). Running from 2000 to 2002, the primary aim of the project is “e-commerce capacity-building with SMEs”. PRISM II is an example of a partnership between public and private sectors with the project being implemented by an SME representative body (CCI).

Germany – Network of e-business centres. The e-commerce competence centres have been set up by the German Ministry of Economy and Technology in order to support SMEs as well as crafts businesses with the adoption and usage of the Internet. It is particularly characterised by its tailoring to the needs of SMEs, its integration of different measures, as well as its comprehensive service offerings, which make it a highly efficient instrument for technology transfer.

Examples of good practice in the area of promoting SME support networks

(continued)

The Netherlands - 'Digikringen' (*Digicircles*) is funded by the Ministry of Economic Affairs and provides an open platform for local SME ICT providers across the Netherlands. The objective of the policy is to bridge the gap between ICT service providers and their SME customers (helping SMEs to help other SMEs). The policy was designed from the practical experience of the consultants involved calling in commercial ICT-companies to help out SMEs in an e-business stimulation project.

UK – Opportunity Wales focuses on the provision of one-to-one support to businesses by properly trained e-commerce advisors managed by regional and sector implementation partners. Businesses located in the Objective 1 areas of Wales are eligible for financial support and up-skilling to assist them in the implementation of e-commerce solutions. Opportunity Wales replicates and enlarges small-scale projects that have already been successfully implemented in other parts of the country.

There are several useful mechanisms for consultation in place for the development of support networks involving surveys and ongoing dialogue with users and other stakeholders including universities, research institutes and local governments during the implementation of policies. In some cases there are also follow-on programmes, learning from the experience of former programmes. For example, PRISM II in Ireland, was formulated based on the outcome from the original PRISM programme that was funded under the EU's ADAPT initiative. This is an example not only of a follow-on programme, but also one that was initiated using European funding.

There is no strong evidence, from the policies under review, of co-operation between national networks, Euro Info Centres or other trans-national co-operation. However, it is well known that many chambers of commerce work together across Europe through Eurochambres, and a number of policies involve local chambers of commerce. Eurochambres is an extensive network covering the whole of Europe. It is committed to promoting the use of Information and Communication Technologies, particularly among Europe's SME community.

In looking in depth at the policies, there were many similarities in problems, policies, programmes and solutions across regions in Europe. This implies that if a European e-business support network were in place, this could stimulate sharing of ideas and solutions, cross-fertilisation between policies and could facilitate the identification of best practices. A centralised approach to information, advice and case studies on solutions could greatly benefit all Member States especially the less developed (Southern) Member States who have more barriers to the adoption of e-business.

Many of the networks in place expressed the importance of their continued presence and a willingness to link up with other local and regional networks in order to increase their impact. For example, the German Network of e-business centres is establishing co-operation networks with other external competence centres operating in the field of e-business. These joint actions are outside the original network and are financed externally. This approach to working with existing networks to increase the wider impact of e-business support is an important element of good practice that arises from the policies under review.

Half of the policies under review provided evidence of formal rationales being set out in the early stages of development. Others, although they do not set out formal rationales specifically, are supported by large amounts of information on the economic situation in their country and how this affects growth.

For example, in the Netherlands the general website for the Ministry for Economics - which holds information on many of the Dutch policies relating to SMEs and e-business - presents information on the economy, labour, markets, areas of growth and employment and the types of intervention that government can provide to help businesses thrive. This is the case for many of the less wide ranging policies ie that their existence stems from the results of wider research undertaken at the national level.

Targets appear to be less well-defined in policies covering support networks than those for the training and awareness schemes. Quantitative targets, such as numbers of SMEs to be assisted, jobs to be created, jobs to be safeguarded and growth in turnover, were most common. The German network of e-business centres, however, also set targets to establish 24 regional centres and 4 sectorally focused units.

Less than half of the SME support networks provided comprehensive evidence of an implementation plan with adequate resources in place for the policy delivery. The methods used for delivery were divided equally between those run by the central administration and those that were externally contracted. Evidence of public/private partnerships was not coherently presented although it was hinted at through some of the information provided. In the case of the PRISM initiative in Ireland, the original implementation plan did not have sufficient budget but this is now being topped up by the chambers of commerce which would suggest their real involvement. There are several cases where the SME themselves have to contribute to the cost of training or use of facilities.

Flexibility in support networks was evident in the type of content and services that were made available. Most policies were committed to changing content and services regularly in response to SME needs. More common was the ability of a programme to address virtually any problems SMEs may encounter that relate to e-business. The stated rationale for networks is that they are in general less prescriptive and more dynamic and understanding of the fast changing economic climate that businesses work in.

In communicating information about the policies, the support networks tend to do so via the web. Many supplement the web information with specific leaflets and promotional materials, which are tailored for SMEs. There is great potential for the SME networks to exchange information and, although there is some evidence of this across the regions, the European dimension has yet to be exploited in full³.

It is not always the case that evaluation criteria for a policy can be defined in advance. In the case of many of the programmes that are presented in this report it is clear that they will eventually be evaluated but less clear what they will be evaluated against and how the evaluation will formally feed back into the policy making process.

³ Although the focus of this review is to consider and compare the various policies and resulting programmes which have been developed and implemented by the EU Member States and Norway, it is important to mention that there are a number of EU initiatives which are designed to enhance and develop the adoption and use of e-business and ICT at the European level. These include for example, work being done through the EuroInfoCenters, as part of the Go Digital awareness campaign of the Commission as well as other EU funded projects and networks.

The support networks incorporate a wide range of methods to review and evaluate their policies: some are based on comparatively simple methods such as counting participants, while others have full and formal external evaluations. Three of the programmes stated that they would be evaluated through Commission procedures. Evaluations may not necessarily be focused on that single policy: they may be linked to a wider evaluation in the area of ICT, though generally very few of the programmes under consideration have actually been evaluated.

2.4 Helping SMEs to use Internet platforms

Internet platforms are often considered to be the principal gateway to e-business for SMEs. They support existing methods of company operation and enhance the capabilities of those who participate. However, the opportunities for SMEs to participate in private Internet platforms created by large market players are often limited, because of the cost of participation, the difficulty of accessing the software used and lack of transparency about the rules for trading within the marketplace.

Outside of the private arena, an increasing number of public administrations are establishing e-marketplaces (so called B2A e-marketplaces) or portals, as a way of meeting targets for e-procurement, or as a practical way of demonstrating the potential value of e-business adoption. These Internet platforms are currently more likely to be established by regional and local administrations than national. The prevalence of local and regional platforms shows the usefulness in targeting the use of Internet platforms at already well defined trading partners or markets within a localised area. This factor perhaps demonstrates the belief held by some that there still needs to be a strong element of personal trust and historical contact between clients and customers before e-based solutions may be rapidly and successfully introduced.

Local and regional governments also help SMEs in other ways, including setting up or encouraging the development or use of platforms for Business to Business (B2B) transactions, often helping enterprises within their boundaries to use the Internet as a business or export tool. Some of these initiatives are sectoral, others help SMEs with electronic solutions for information exchange along the supply chain. The various national schemes in existence tend to focus more on the provision of information on how to trade, rather than setting up platforms for businesses to actively use. There are also services that provide free or subsidised access to Internet and Web services, access to trust and certification services, etc.

Some of the identified initiatives are still at the early stages of development, as the concept of using the Internet for more sophisticated business purposes begins to spread. The initiatives range in their objectives from basic information provision to actually enabling transactional capabilities. In countries, typically with high levels of e-commerce, such as the UK, Finland, Norway and Sweden these enabling concepts are more developed.

As these types of actions represent the most pro-active approach of helping SMEs to participate in e-business, it is of paramount importance to carefully analyse the results and to verify, at different stages, whether the rationale for such supportive actions is still valid. In some cases, such as in the field of public support to the development of e-commerce trustmarks, this can no longer be taken for granted.

Examples of good practice in the area of Helping SMEs participate in Internet platforms

Denmark - Rakat in Roskilde is a cost efficient regional e-marketplace which is raising awareness of e-commerce. The initiative includes elements of good practice in the sense that it is aimed at making better use of public procurement and providing increased transparency in the marketplace. It also aims to enhance the levels of e-commerce in the Danish private sector at the regional level and to create a common solution for public e-procurement based on catalogue purchasing.

Ireland – Empower is an e-business initiative for small businesses delivered by the Irish City and County Enterprise Boards on behalf of the Department of Enterprise, Trade and Employment. All city and county enterprise boards in Ireland are assisting small businesses through a series of grants including technical grants towards the cost of project management, e-business software packages, website development and e-business training grants. The project represents a substantial exercise in partnership - between state funding and County Enterprise Boards (including local authorities and local micro enterprises).

Spain – The ARTEPYME II programme is helping SMEs in Objective 1 regions remain competitive by introducing them to Information and Communication Technologies (ICTs) with an emphasis on e-commerce and advanced telecommunications. The programme is designed to take into consideration the wider needs of the regions through targeting public and private sector intermediary organisations that use advanced telecomms systems and e-commerce applications. The programme funds innovative projects in these fields and the intermediaries act as multipliers in the region and roll out the systems and services to the SMEs.

France – project Achat-ville was set up in Grenoble in 1999 after a survey of small retailers and companies showed that these types of companies were having trouble accessing ICTs and using e-commerce. The idea of Achat-ville was to provide a controlled environment, a learning opportunity for businesses in the locality so that they could test tools without immediate trade pressure or major financial risks. Achat-ville was originally a local instrument, which has since been extended to cover the region and is now being proposed as a national programme.

UK - Local Shops On Line was designed to offer assistance to struggling businesses by providing them with the necessary support, training and equipment to use the Internet to facilitate communication with customers and suppliers. It has been recognised that SMEs have the dual disadvantage of limited resources in time and finance – this form of assistance takes this into account by providing practical, hands-on support direct to those who need it most.

The identified specific policies to help SMEs to participate in Internet platforms are the best-defined overall. This may be because it is the most sophisticated group of measures and therefore governments, particularly local and regional have approached this new area with a greater degree of thoroughness in setting out the initial information and objectives.

A high proportion of policies have formal rationales. Over two thirds stated that they have a rationale, and almost all of them are available online. Many are closely related to the results of the consultation processes that were undertaken. In the case of

policies, which directly relate to e-procurement, such as Rakat in Roskilde, the rationale was set up through consulting regional or local government papers that set out their vision for e-government.

Several of the policies state that they have quantifiable and measurable targets and although a proportion investigated state that targets are quite low level (e.g. number of hits) in some of the best practice examples, the targets are extremely ambitious. For example, the targets set by Achat-Ville are that within 3 years, 60,000 companies in the commerce and services sectors should be using the service, including 30,000 in Rhône-Alpes area. ARTEPYME II is looking to have a positive impact on 60,000 SMEs and the smaller local initiative, Local Shops Online is looking to have 800 participants using the service by March 2003.

Just under half of the Internet platform policies stated that there was an implementation plan. Information on the actual policy delivery however was less well defined by the majority of the policies presented. In the case of the procurement portals, there are several models for their development. The Danish regional portal 'Rakat in Roskilde', for example, charges the public sector for its use whereas others are given direct budgets for implementation. The Irish initiative Empower is implementing multi-tiered levels of service with each successive level providing substantially more features and benefits to the e-commerce merchant or customer. This moves from free online listing through B2C to B2B sales. The pricing structures used reflects the real-world business usage of trade accounts to facilitate custom pricing for different categories of customers and sales volumes

Communication, dialogue and flexibility are crucial in the development of Internet platforms. The communication and flexibility in these types of systems are paramount to their success. When new tools are implemented, particularly in the area of e-business solutions, it is impossible for the designer or the user of such a system to fully comprehend its eventual use. Not only do needs change, but functionality and technology change too and all these areas of development must be able to adapt to new markets and service in order to be sustainable.

Over two thirds of the policies reviewed have some degree of flexibility in their approach to delivering Internet-based solutions for businesses and encouraging SMEs. There is a high incidence of involving SMEs in the feedback loop and adapting the market accordingly. In Rakat in Roskilde, for example, Comcare, the management contractors invite suppliers to a meeting every six months. The purpose of the meetings is to listen to suppliers' demands on the system and to help them get started with e-business solutions.

Another example of the benefits of adaptability can be seen in Achat-ville, a flexible local instrument which is being rolled out regionally and now nationally. The way the original local instrument was designed meant that implementation at the regional level could be accomplished in a relatively smooth fashion. There was a very detailed implementation plan for transferring the policy to the region and a good practice guide has been put together by the Chamber of Commerce and Industry of Grenoble.

Many of the measures identified showed evidence of a substantial exercise in partnership. Empower for example, works through the County Enterprise Boards, local authorities and local micro enterprises. In Achat-ville, the regional chambers of commerce are involved in rolling the programme out to the principal cities of the Rhône-Alpes area. In ARTEPYME II, the state is collaborating with Enterprise Institutions and other industry associations in order to identify needs and propose sector and vertical projects.

The Internet portals investigated include many local and regional examples, which gives an opportunity to direct the policies to very specific situations within communities and achieve other significant local impacts. In the case of Local Shops Online, the project is able to provide Internet access to communities located in disadvantaged/rural areas. In particular, the marketing and demonstration material that provides information on the Internet and e-commerce is available on a multilingual basis including Gujarati, Urdu, Punjabi, Italian and Turkish to reflect the needs of local shops owners in the region. The helpdesk facility is also multilingual.

3 Fifteen lessons to be learnt from good policy practice

The ultimate objective of benchmarking regional and national policies in support of e-business is to learn from practical experience and to review current practices in the light of this analysis. Examples of good practice, as described in the previous section, are designed to inspire policy makers at different levels to critically assess their own approaches in facilitating the efficient and productive use of the Internet by SMEs and, when necessary, to adapt their policies accordingly.

Apart from this approach of learning from good practice, this report identifies a number of lessons which can be learnt from the application of general benchmarking criteria and suggests some general conclusions with respect to specific SME policies. This section contains 15 lessons which can be drawn from the best of the initiatives reviewed. They will be presented in a format to be suitable as a “user handbook” for policy makers, seeking to design policies in support of SMEs engagement in the digital economy. The main lessons to be learnt are:

1. Sound policy intervention should be underpinned by solid data and research

Decision-makers and key stakeholders are more likely to create policies which respond to real needs and which are forward-looking if they are well informed. Solid research and baseline data are necessary to identify what the obstacles are, where the market is potentially failing and which policy intervention is needed. It should be clearly understood that specific actions in support of SMEs constitute an exception to the general rule, which is to create a favourable business environment for all enterprises, irrespectively of their size and nature. Therefore, such specific actions need to be based on a clear identification of the specific problems for SMEs to be addressed.

In the field of e-business, the specific SME policy challenges are different from country to country and are also changing over time. Therefore, research and data collection should be a dynamic process that mirrors the current situation over time and helps to adapt policies accordingly. In this respect it should, however, be noted that most support measures to promote e-business for SMEs lack such a statistical underpinning of the problems to be addressed. And, where available, such data remains too often ignored by other decision makers finding themselves in a similar situation.

There is only limited evidence that the available knowledge about the take up of ICT and e-business by SMEs is shared across different regions and Member States in the EU. A lot of statistical work in this field is being done but mostly unrelated and not in a consistent manner. Thus, there is scope for improvement, as clearly demonstrated by some good practice in some Member States and regions.

2. Continuous and broad consultation with the business community is needed and must result in flexible and adaptable e-business policies

In a dynamic and evolving sector such as e-business, the needs of SMEs will change over time, sometimes rapidly, driven by new technologies, new products or new business models. Policies should be capable of reacting to change and cannot simply rely on one off statistical evidence. It is important to establish effective mechanisms for consulting businesses, on a continuous basis, in order to identify their actual needs and problems and get feedback on their expectations from policy makers. Such consultation processes, though, have to be open and fully transparent, based on sound and documented analysis and should not be confused with lobbying for SMEs interests.

Participatory mechanisms such as workshops, colloquia, expert working groups and information sessions with open participation are becoming a feature of policy development and are generally seen as a way of ensuring that policy is focused on the actual needs of SMEs. SME associations, ICT equipment and service providers, research institutes and consultants, for example, from both within and beyond the Member State, region or locality can all add value to the perspective of policy makers. In particular at local and regional level, the SME community may even directly provide input into the process of policy definition and implementation.

The Internet is not only changing the way business is being done but also how policies are prepared and implemented. There is much more scope for direct participation from all relevant stakeholders, such as through online consultations and direct feedback by e-mails to policy makers. The use of such consultation and feedback mechanisms via the Internet ensures a better balance between extensive participation and the need for accelerated policy development in a rapidly changing ICT environment.

This is, however, not only a challenge for public administrations, but equally for SME associations and other stakeholders. They must also demonstrate their willingness to react at relatively short notice to public consultations and to provide sufficient feedback on the efficiency of existing or planned policy initiatives in support of e-business. Experience shows, however, that the business community is often not well prepared to play an effective role in this new form of governance.

3. Various policy instruments are available but they should be used in a co-ordinated and consistent manner

There are different policy instruments which local, regional and national governments can use to support the adoption of e-business by SMEs, ranging from awareness and training measures and support services for SMEs to specific financial incentives to better use the Internet as a business tool. Each government should consider the right policy mix to better address its specific challenges. When more than one policy instrument is selected, it is necessary to co-ordinate them within an overall framework policy, preferably at regional or national level.

A large and multi-targeted framework policy consists of several independent sub-policies which deliver the central objectives to the target audience. It needs a robust and coherent overall strategy, strong political support and efficient co-ordination if it is not to degenerate into a confusing mixture of unrelated and duplicated initiatives. Both the overall strategy and the individual initiatives need to be responsive to rapid developments in the technological and business environments. As shown by this

report, good examples of this type of framework initiatives exist in Europe at different levels.

Moreover, it is crucial to ensure that, once SMEs are involved in the move towards e-business, the necessary services are available to guide them through the whole process, providing the right kind of support at all stages. Therefore, relevant initiatives need to be linked up to provide a suite of services to SMEs which accompanies them through the full process of e-business development. This implies, however, that the policies and initiatives in support of e-business are flexible and adaptable enough to help SMEs successfully throughout the different stages of e-business adoption.

It has to be acknowledged that the policy challenges to be addressed by such umbrella initiatives may differ from region to region and from Member State to Member State, reflecting different Internet adoption rates and economic patterns. In particular Member States which significantly benefit from European Structural Funds should establish a national strategy to facilitate the transition to the e-economy, as successfully demonstrated by Greece, Ireland and Spain.

4. E-business policies and initiatives should meet the needs of different regions and sectors

All regions are different, in terms of demographic make-up, skills, employment, types of industry and their engagement in the information society. Thus, there are many good reasons for developing and delivering policies at the regional level. This requires targeted solutions and a proper understanding of local issues and needs.

Similarly, there are also different specific SME needs in different sectors. Additionally, different SMEs have different needs, depending on their size and level of sophistication of their use of e-business. Micro-enterprises in less advanced regions for example, may content themselves with well-targeted awareness and training actions and elementary support services – e.g. subsidised provision of hardware, software and Internet access – in order to start experimenting with ICT.

The needs and policy challenges may completely change when targeting medium sized enterprises in more advanced regions. These businesses may be satisfied with nothing less than customised face-to-face consultancy aiming at fully integrating e-business into their business strategy and along the value chain.

Therefore, over time, general policy objectives become less helpful and greater effort has to be put into tailoring and focusing policy instruments for different regions, sectors, and levels of e-business maturity of the businesses.

5. Public-private partnerships are crucial to promote e-business

E-business is above all a market-driven phenomenon. The effective integration of e-business requires deep organisational changes and results in new business models. Public authorities may have an important role to play in promoting the adoption of e-business as a tool to enhance businesses' productivity and competitiveness, but the final responsibility for structural changes remains with enterprises, whether they are large or small.

Public-private partnerships can be considered as an effective way of developing e-business policies for SMEs, reflecting the shared interest of both public authorities and enterprises in this domain. It is important, though, that the partners are all in

agreement about the overall goals of the programme and that there is a good understanding of their role within the process. Each player needs to concentrate on adding value through knowledge of their own core competence so that together they manage to cover all of business community's needs. In this way resources are used in the most efficient way.

In public-private partnerships, the private sector is recognised as better positioned and qualified to undertake implementation. However, public authorities should remain in the position to verify, at any time, that implementation is proceeding in full compliance with the policy objectives towards the pre-set goals. Public-private partnerships should also not result in confusion about the different roles and responsibilities of the different partners involved and should not compromise the independence and impartiality of the public authorities.

6. SMEs need independent advice and value it highly

Most SMEs are keen to defend their independence in the market. Advice for SMEs needs to be neutral – specifically, it needs to be provided by people who are not government officials but have experience both of business and of ICT. It is clearly not the role of public officials to advise enterprises on the most advantageous use of new technologies or about winning business models.

SMEs need to have confidence that their advisers will not try to sell them particular products or services – that is, that they are independent of IT suppliers – and that they are competent to offer ICT advice in the context of the SMEs' wider business plan. Maintaining this neutrality is an essential part of how every element of the programme operates.

When a programme uses mechanisms of bringing in expert help, through consultants, or other advisers, there must be a way of guaranteeing that the expertise provided is credible and effective. The consultants have to have a knowledge and understanding of the issues faced by SMEs in the sector and the particular business needs of the individual SME being assisted as well as understanding how e-business can contribute to meeting the strategic objectives of the SME.

However, SMEs should understand that e-business can mean significant re-organisation of their businesses in order to take advantage of new technologies and render them more productive and competitive. In that sense, e-business gradually becomes the new way of doing business and should not be treated as a something separate from the core business. SMEs also need to understand that it would be unrealistic to expect implementation of business process re-engineering to be funded through public expenditure.

Public policies should ensure that personalised, independent advice is provided to SMEs during their first steps of the process. As they progress towards e-business integration, however, SMEs should be committed to contribute part of the costs. In other words, public authorities in their effort to assist SMEs should be also cautious not to exceed their limits, for example by offering for free business services that are already commercially available, thus being in competition with the market. In particular in the Nordic countries, this approach has been followed in a very consistent manner.

At the same time, the ICT supply sector also has a crucial role to play in helping SMEs to go digital. Having a robust, internationally competitive ICT and e-business supply sector is a key component in the development of an e-economy. Most of the

European SMEs use local ICT suppliers. However, research suggests that often ICT suppliers fail to realise the full value added for their customers. This is mainly due a lack of understanding by SMEs of what e-business can deliver and how to bring about those benefits, and a failure of the suppliers to understand client business needs and expectations. Public policies, therefore, could facilitate a constructive dialogue between the ICT and e-business supply sector and SMEs, with a view to improve the understanding of the SMEs' needs; or to put it differently, to facilitate the dialogue between computer experts and business people.

7. SMEs can benefit from sharing good business practice

SMEs need to understand the benefits of integrating e-business into their normal business process. A possible way to achieve this is through observing and exchanging experience with other businesses which have already experimented with e-business.

Therefore, facilitating peer-to-peer dialogue among SMEs, and encouraging partnerships between business can prove invaluable tools in getting messages about the importance of e-business across to SMEs. Different mechanisms can be put in place in order to identify and widely disseminate best practice elements, for example through development of case studies, demonstrations, fostering networks of regional and sectoral contacts, etc. This calls for a broad dissemination strategy and effective project management.

However, one should be aware that many business models which have been considered successful and thus were strongly recommended in the early days of the e-business hype, finally failed. Therefore, public authorities should content themselves with establishing platforms for exchanging good e-business practices, avoiding any "ex cathedra" declarations. The role of public policies should be neutral, aiming to promote entrepreneurial spirit, facilitate dialogue, identify good business practices and success stories and widely disseminate them. They should above all avoid stigmatising failing companies and ventures, as this would risk contributing to undue pessimism, with detrimental impact on the perception of entrepreneurship in general.

8. Policies benefit from effective use of multipliers, intermediaries and existing mechanisms

By using multipliers a larger number of SMEs can be reached through existing familiar channels. SMEs like to use services that are familiar and well trusted. In recent years, many information services and awareness campaigns have, however, been launched through projects and via new and mainly unknown information dissemination channels. In most of the cases, these actions remain unnoticed by most of the SMEs, in particular if they are not supported by established networks. This project-oriented approach has not necessarily been helpful for SMEs, particularly in addressing the concerns of those who are still reluctant to take the first steps to adopting e-business.

In general, SMEs are less likely to respond to information sources which do not allow for easy follow-up through personal contact. Thus information should ideally be provided through trusted intermediaries (SME associations, chambers of commerce, business support networks, or economic interest groups) as these business organisations can effectively reach the targeted audience and have a better understanding of the tools and practices that will work in an SME environment. Also most SMEs tend to consider e-business as part of their normal business, and therefore, would continue to trust and seek the advice of existing, familiar business organisations which they contact in respect of other business issues.

9. Clear targets are essential for successful e-business policies

Like other support actions, e-business policies for SMEs should be based on clear targets. Setting realistic and achievable targets proves to be probably one of the most difficult challenges. Regarding e-commerce, it can strongly be argued that there were some misplaced targets which have continuously been missed and caused disappointment, not only on the side of policy, but also among businesses themselves. Therefore, targets should be, as far as possible, adjusted to reality.

Selecting measurable targets is another challenge facing the policy makers in this field. In the early stages, when policies are aimed at introducing SMEs to the concept of, and first steps in, e-business, these targets can be mainly quantitative, such as the number of SMEs to be connected to the Internet, the number of employees to be trained, or the number of consultancy days to be provided to SMEs. As the potential of e-business adoption becomes more sophisticated, determining metrics and appropriate targets becomes more difficult. Targets in this case will ideally be a mix of quantitative and qualitative targets that seek to measure levels of sophistication of e-business adoption rather than simple connectivity or trading.

In both cases, it is advisable to restrict targets to outcomes that can be directly attributed to the specific policy intervention. For each target, specific performance criteria should be pre-defined, in order to be able to identify whether a policy has been successful or not. It is strongly advisable to measure and assess –as far as possible- the policy outcomes against the pre-defined performance criteria, in order to identify success.

Finally, in such a dynamic environment as e-business, policies need to remain flexible and therefore their objectives, targets and indicators may need to be continuously adapted during their lifetime. On the other hand, if targets can not be met this may also suggest that the policies are either not well defined or even misplaced to meet real needs. In this case, they should be fundamentally changed or even abandoned.

10. E-business policies must be sufficiently supported by resources to be effective

Experience shows that it is not enough to design a good policy; it should also be effectively delivered to the target audience in order to be called successful. The implementation of a policy should be analytically elaborated through an action plan, which should be comprehensive, with clear targets and objectives, which are supported by specific instruments. For each instrument, detailed project plans are needed. These plans should include goals, human and financial resources, time schedule, implementation monitoring, contingency plans in case of excess demand, etc. and should make sure that sufficient financial and human resources are made available to achieve the overall policy targets.

However, the need to sufficiently empower SME support actions with the necessary human and financial resources should not result in the misunderstanding that the effective support of SMEs is primarily a matter of financial support. Many of the good examples, as identified by this report, are indeed characterised by relatively modest financial equipment. The strength of these policies lies in their conceptual approach as well as in their capacity to raise awareness and to help SMEs to learn from good business practice.

11. The effectiveness of the policy instruments should be monitored and evaluated

The evaluation of the policy instruments is an important step in the policy making process. This should be done individually for every instrument, and built into the project plan for the action. The evaluation should assess the policy results against the pre-defined policy targets and performance indicators. Ideally, a policy instrument should envisage monitoring mechanisms during the lifetime of the initiative, and necessarily an ex-post evaluation after the initiative has been completed.

Monitoring the policy implementation aims at verifying extent to which the expected results have been achieved, but also at getting feedback on user satisfaction, and potentially reviewing the overall policy. After the completion of a support action, the results should be made publicly available, together with an analysis of the lessons learnt from it.

12. The communication of policy matters

Communication is considered to be a key element in driving forward the programme goals. Put simply, if a policy isn't communicated effectively, it can't reach its target users and thus cannot be effective. Each action in support of e-business for SMEs should have a budget allocated for communication, using a variety of different communication channels, both off-line and on-line (e.g. via the Internet, media, newspapers, bulletins, news-letters, e-mail alerts, etc.).

An effective communication strategy should also include the maintenance and dissemination of relevant material, such as best e-business practices, workshop material, databases, etc., translation of such material into the user's own language, help desks with FAQ and direct questions, and feedback mechanisms.

One-stop shops are very useful and very much in demand for conveniently providing SMEs with a range of on-line and off-line help. This is another example of the suitability of well established and trusted networks in successfully approaching SMEs. This calls for a better co-ordination in the dissemination of best business practice and the provision of information services for SMEs, at both national and European level. The minimum requirement would be to establish links between the most important policy initiatives in support of e-business, in order to better reach the target audience and to use synergies between the different initiatives.

13. Specific e-business policies should not be perpetuated forever

Specific actions in support of e-business for SMEs are designed to deal with situations where the market has failed to address the specific needs of SMEs, and therefore, they should be limited in time and not perpetuated endlessly. Once the policy objectives are met, or the specific SME needs that a policy addresses have disappeared, or the market starts responding successfully to the SMEs needs, these policy initiatives should stop.

An example of changing policy needs are trustmarks for online trade. Many trustmark schemes have been developed during the last years, in particular in the business-to-consumer field (B2C), with the view to enhancing trust and confidence in e-commerce transactions. Such governmental initiatives were justified as long as there was a gap to be filled or in order to speed up the process of developing such trustmarks on a voluntary basis. In the meantime, however, many (and, arguably, too many) new trust services have been developed and are functioning on the basis of widely accepted fair business practice.

Therefore, direct support from public authorities to the development of national trustmarks is no longer needed. On the other hand, national trustmark initiatives may even add barriers to cross border e-commerce transactions. The main challenge is now to leverage national initiatives at the European level. European public authorities may have a role to play in facilitating the establishment of appropriate platforms at European level, representing all interests involved whereas at national level the task has shifted to the promotion of voluntarily agreed trustmarks, preferably those which are enhancing trust Europe-wide, if not globally.

14. The benefits of e-business policy initiatives should be sustainable

Many support actions for SMEs have been launched in the form of projects, with clearly defined deliverables, be it awareness, training and e-learning material, training equipment, case studies, best business practice, databases, lessons to be learnt by SMEs, etc. Such projects have only limited lifetime as publicly supported initiatives, their aim being usually to put in place the infrastructure and start providing basic services to SMEs. Once such projects reach an end, they should, where possible and appropriate, turned into a self-sustainable solution, building upon the content and experience acquired during the lifetime of the project.

In this respect, the involvement of intermediaries, such as business associations, chambers of commerce, business support networks, and other business organisations in the projects, may be crucial in ensuring the viability and sustainability of results after the end of the projects. As their core objectives are to support business interests, these organisations are ideally positioned to pilot business services through projects, and have the potential to convert them to self-sustainable, commercially available services after public funding ends.

15. Watch for opportunities to learn from other policy initiatives

A successful policy initiative, no matter where it is designed and implemented, is capable of providing lessons, inspiring and generating ideas for other successful policies. Therefore it is important that policy makers at local, regional, national and international level exchange their experiences and information about policies they have deployed and their results. In this respect, a number of initiatives can be mobilised to help policy makers benefit from each other, such as partnerships

between different regions with similar business needs, policy benchmarking between regions, seminars, workshops and public events.

In order to strengthen the European dimension, the European Commission can play an important role in enabling the policy dialogue at European level. Ideally, an institutional platform needs to be established to facilitate such policy dialogues in a seamless manner.

One has to understand and expect, however, that although in principle it is desirable to share information on related policies, it is also legitimate that certain countries or regions may not wish to disclose all information about the policies they develop to promote their businesses' competitiveness and therefore to provide them with competitive advantage. Therefore, it should be left to the discretionary ability of policy makers to consider whether and to what extent they would wish to share their practices with others.

...and finally, don't reinvent the wheel if you don't need to

Someone else in Europe may have positive – or negative – experience of what you are planning to do, so use your own networks in e-business policy as much as in other policy areas.

4 Conclusions

This benchmarking report has identified a great number of policy initiatives to help SMEs to go digital. These policies cover a broad range of support actions, from awareness raising and specific measures and incentives to better use the opportunities of the Internet to more ambitious framework policies. As demonstrated by this report, many of these policy initiatives are well designed, and thus have the potential to achieve good results. The examples of good practice identified are designed to inspire policy makers throughout Europe to assess their own strategies and to integrate elements of good practice.

It was not always easy to collect the information about existing policies and to assess them against the defined benchmarking criteria. This work has been accomplished by the nominated experts of the Member States and Norway in collaboration with the European Commission services, namely by the E-Business Policy Group - EBPG. Without their strong support, this benchmarking report would not have been completed. However, despite all efforts it has to be admitted that the snapshot of regional and national policies in support of e-business for SMEs is likely to be incomplete. Many more initiatives of this type exist, but were not communicated to the EBPG. Therefore, it is fair to state that this report is based on good but not necessarily the best examples.

This is also true because it was not possible to identify objective benchmarking criteria that would identify best policies, taking into account the different policy challenges and the different instruments used in support of SMEs in different regions and countries. Nevertheless, there are important lessons to be learnt from this analysis, not only for policy makers at national and regional level but also for European policies.

This report is reassuring that Member States and their regions are aware of the specific problems facing SMEs in their preparation for the e-Economy. As a result, many good support actions have been launched, thus leaving little room and need for further direct support to SMEs at European level. The main value added of European policies lies in providing a platform for exchanging views and sharing good practices. Already the preparation of this report has contributed to this aim. However, this dialogue between the different stakeholders needs to be further enhanced and better organised.

As a follow-up to this benchmarking initiative, it is suggested that an “European e-business support network” be established, bringing together existing European, national and regional players in this field with a view to strengthening and co-ordinating actions in support of SMEs in the field of e-business. The objectives of this “European e-business support network” could be:

- To bring together the different stakeholders in the field, both from the private and public sector, with a view to exchanging experience and agreeing on common policy objectives;
- To share in more detail, among government experts at regional, national and European level, information on good policy practices in support of e-business for SMEs, to identify future policy challenges and to inspire effective policy responses;
- To create, as far as possible, synergies between the different initiatives and support actions at European level.

The European e-business support network should not seek to establish yet another structure, overlapping or competing with existing and often well-established players

in the field. This would only add confusion and not serve the needs of SMEs. It should rather build upon existing structures, such as business support networks and other business intermediaries, seeking to exchange experience and to share information material.

Such a European e-business support network should be kept relatively informal and lean and could include quick and simple mechanisms such as the creation of a mail group or discussion forum on the Go Digital web site. This network could co-operate with existing networks in order to share knowledge, promote and disseminate information, for example, about research on e-business impacts, metrics and target setting. In addition, European support actions in favour of e-business for SMEs, such as awareness initiatives, should preferably be organised by those institutions, which are already actively promoting the integration of e-business into the normal business processes of SMEs at regional and national level.

The Commission will take, as part of the eEurope 2005 Action Plan the initiative to establish this network of e-business experts in Europe, dealing with the promotion of e-business for SMEs, by the end of 2003. In addition, in its conclusions of 6 June 2002 on the impact of the e-economy on the competitiveness of European enterprises, the Industry Council invited the Member States and the Commission to *intensify dialogue, exchange regularly experience, identify specific goals for e-business policies and to share best practices*. It would be, therefore, welcomed if the incoming Presidencies would organise further discussions at Council's level on the follow-up of this report. The objective would be to agree on common principles for the support of SMEs in the field of e-business and to identify specific goals for e-business policies.

Annex 1: Case Studies

This Annex presents individual case studies of some of the ‘best practice’ policies in evidence in Europe for helping SMEs to ‘go digital’. The following details are provided for each policy case study:

- a brief description of the policy
- the objectives of the programme (including targets)
- an overview of the best practice elements
- contact details for further information.

The case studies are organised into four categories:

Categories	Title of Initiative	Country
Framework policies	UK online for business	UK
	E-business forum	Greece
	VeRDI	Norway
	Netherlands Go Digital	The Netherlands
	Catalunya on the net	Spain
E-business awareness and training	First Steps Workshops	UK/Scotland
	Let’s ebiz and Telefit	Austria
	eAskel	Finland
	SVEA	Sweden
	B-online	Germany
SME support networks	Opportunity Wales	UK/Wales
	Network of e-business centres	Germany
	Prism II initiative	Ireland
	Digicircles	The Netherlands
Promotion of Internet platforms for SMEs	Empower initiative	Ireland
	Achat-ville	France
	ARTEPYME II	Spain
	Local Shops online	UK
	Rakat in Roskilde	Denmark

Framework e-business policies

UK - UK online for Business / Framework e-business policies

Description

When the current Government took office in 1997, one of its key objectives was to make the UK the best place in the world for e-commerce. It commissioned a report⁴ from its Policy Innovation Unit: As a result of that report, a high-profile eEnvoy was appointed to lead the drive to help businesses, citizens and Government itself to make the most effective possible use of Information and Communication Technologies (ICTs).

The eEnvoy's Office established UK online as an umbrella brand to cover all Government activity in support of e-business, the e-citizen and e-government. Within UK online, and in response to another recommendation of the "e-commerce@its best.uk" report, Government activity in support of e-business was gathered under the umbrella brand of UK online for business.

SMEs were widely consulted in drawing up the action plan responding to the Policy Innovation Unit report "e-commerce@its best.uk", which shaped the UK online for business strategy. The development of the programme is informed by regular formal and informal consultation with a wide range of businesses and business support organisations, UK online for business partners, academics and other experts, as well as by the Small Business Service, Business Links and UK online for business advisers, who are well placed to represent the views of their SME client base.

UK online for business is a government/industry partnership, aiming to encourage and help UK businesses to improve their business performance through the use of ICTs. The programme consists of a range of complementary initiatives that are designed to raise business awareness of the potential benefits of e-business and provide advice and support in adopting and using ICTs.

The DTI budget for UK online for business for 2002-03 is in the region of EUR 55 million. In addition to this, partners and sponsors contribute further financial and non-financial resources to the programme. Full details of the programme can be found on its website: www.ukonlineforbusiness.gov.uk

Objectives

The overall target for the programme is to make the UK the best place in the world for e-commerce by 2004, as measured by the cost of Internet access and the extent of B2B and B2C transactions that are conducted on electronic networks. Each initiative within the overall UK online for business programme has its own detailed and measurable targets.

⁴ E-commerce@its best.uk: Innovation Policy Unit, Cabinet Office, UK (1999) Available to download from <http://www.cabinet-office.gov.uk/innovation/1999/ecommerce>

Summary of good practice elements

The main elements of the programme, which include examples of best practice are:

- **Marketing:** One of the most important things government can do to increase business uptake and use of e-business is to make sure that businesses are aware of how ICTs can help them and know where to go to get advice and information. A key element of UK online for business is therefore high profile advertising, supported by a sustained media relations programme and high quality case studies and “how to do it” materials.
- **E-commerce showcase events:** designed to help inform SMEs about the benefits of e-commerce. Each includes a live demonstration, presentation, video case studies and audience interaction. They are aimed at SMEs with typically fewer than 50 employees and are appearing at various events throughout the UK. The four showcase events are:
 1. Working Electronically
 2. Supplying Electronically
 3. Sales and Marketing over the Web
 4. Effective Customer Service – how technology can help
- **Networks of business advisers:** UK online for business advisers in Government-backed business support organisations in England, Scotland, Wales and Northern Ireland provide advice and guidance to SMEs which is tailored to the needs of the individual business. The kinds of services available include:
 1. Advice – commercially independent, impartial and business focused help
 2. Consultancy and IT services – diagnostic services to help businesses identify the most appropriate technologies to meet their needs
 3. Signposting to local suppliers
 4. Training – courses to meet key technology-related needs
 5. Hands-on access to equipment – the facility to use, rent or experiment with Internet, Video conferencing, broadband and other technology facilities
 6. Neutral fora, clubs and workshops – learning and sharing ideas and best practice.
- **Technology Means Business (TMB):** It is important that businesses have confidence in the competence and impartiality of the people who advise them on ICTs. To this end, Technology Means Business (TMB) was added to the suite of UK online for business initiatives. TMB is a nation-wide accreditation scheme, administered by the Chartered Management Institute, and is aimed at advisers, in the private or public sector, who provide integrated advice on the use of ICT in relation to a business need. Accredited advisers can be located by businesses through a central directory held on a website⁵. Each adviser must be re-accredited each year in order to ensure that the advice they give continues to be based on up to date knowledge and expertise.
- **The e-commerce awards scheme:** Designed to recognise and reward organisations that have demonstrated excellence in the use of ICT as part of their business strategy. The awards are run on a regional basis in four categories, with the regional winner of each category going forward to a National final. As well as rewarding and publicising excellence, the Scheme also develops case studies, which can be used to support marketing and other awareness-raising activities. It also contributes to research into how and why businesses are using e-commerce and thus feeds into policy development.

⁵ www.technologymeansbusiness.org.uk

- **Be online for business:** This is a web-based⁶ tool that provides practical, tailored and impartial advice on creating and implementing a realistic e-business strategy. It takes SMEs through a seven-step process which results in a customised e-business plan including details of e-business solutions which could provide greatest commercial return for that particular business, practical advice on how to get started on implementing the plan and information on related subjects of interest.
- **Supply chain programme:** This programme uses case studies and good practice information to demonstrate to SMEs how using technology can enhance customer relationships in integrated supply chains. Full details can be found on the UK online for business website⁷.
- **Sector-focused activity:** e-commerce Sector Impact Assessments (SIAs) help to identify barriers and enablers to the greater uptake of e-commerce within the sector. Sixty such assessments will be undertaken by 2003, covering a wide range of UK industry sectors. The SIAs make recommendations which form the basis of a joint, agreed action plan between Government, business and industry organisations which is designed to tackle the key barriers to ensure that sectors are well placed to make the most of the competitive advantage that e-commerce can bring.
- **Partnership programme:** This initiative was developed to help expand the reach and impact of UK online for business. Partners either help in communicating key messages to business and increasing awareness among SMEs of the ways in which ICT can be used to improve business performance, or they support specific elements of the programme through financial and non-financial contributions, or they do both.

UK online for business is a well targeted policy with a strong political commitment. It uses a wide range of instruments and the programme has also adapted to change during its lifetime, shifting towards helping businesses to make more sophisticated use of e-business. Therefore the programme itself has become more sophisticated in terms of tailoring its activities to the different needs of businesses. Generic messages have become less helpful and greater effort has been put into tailoring case studies and promotional and awareness raising activities for different regions and sector-focused activities. There is also a strong involvement of the private sector.

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⁶ www.ukonlineforbusiness.gov.uk/beonline

⁷ www.ukonlineforbusiness.gov.uk/supply

Greece – E-business forum / Framework e-business policies
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Description

The e-business forum is an initiative set up by the General Secretariat of Industry (Ministry of Development) in Greece for the creation of a favourable digital environment for Greek SMEs. The initiative is providing a constant mechanism of consultation between the State and the academic and business worlds for the processing and the creation of jobs related to electronic business.

The work of the forum takes place through a series of working groups involving numerous stakeholders. The working groups and their members detect the problems concerning the penetration of technology within the e-Economy in Greece. The forum makes recommendations to the State on the types of measures and actions which should be implemented in order to help Greek SMEs to take advantage of e-business.

The forum also provides continuous information to citizens and businesses about the issues of electronic business (www.ebusinessforum.gr). The purpose of the forum is the presentation of opinions, the exchange of ideas and expertise, and the encouragement of e-business knowledge accumulation.

The programme has a budget of EUR 1.3m covering the period 1/1/2001 to 30/6/2005⁸. This money is for the central work undertaken by the forum, ie the consultation process and the management. The subsequent ideas for measures and actions which come out of the forum are funded separately through other government channels.

Objectives

The main objectives of the e-business forum are:

- To promote and extend the dialogue about the world-wide electronic economy.
- To watch and to report the progress of the electronic entrepreneurship in Greece.
- To increase the documentation to citizens-consumers and to enterprises in electronic business topics.
- To give the business community a constant opportunity to participate to all decision making concerning the creation of a favourable environment for the acceleration of the penetration of ICTs to the Greek SMEs.
- To keep an electronic library re Greek and international electronic business.
- To co-ordinate all the actions that are taking place in the country on electronic business.
- To suggest solutions for all the obstacles for the creation of a favourable electronic environment and the normal introduction of the Greek enterprises into the new electronic economy.
- To generate government projects for the promotion of e-business in Greece.
- To link the Greek initiatives for e-business with others at international level and to disseminate international experience in this section.

⁸ Although work actually started in July 2000

Summary of good practice elements

- **A mechanism for open, broad and continuous consultation with stakeholders:** The policy involves the whole range of stakeholders, leading to three positive outcomes i.e.
 1. The problems that are identified in the programme working groups are investigated from every angle.
 2. The solutions reached are a result of the consensus building process and therefore have a wide range of support.
 3. There is also an overall view of activities in this field which enables a degree of co-ordination of other activities.

There are more than 300 special experts who participate in the working groups (with approximately 60% coming from the private sector), which include representatives from the public sector (local, regional and national), research, consulting institutes, NGOs, education and training, banks and venture capitalists to name but a few. The level of commitment from the stakeholders is one of the most important aspects for making this type of consultation process work.

- **The policy is forward looking:** The approach allows problems to be addressed in a systematic way through its network of experts. The implementation of the solutions is also methodically considered by the Ministry of Development to decide on the best way of achieving a positive outcome according to legal, organisational and financial constraints and the Ministry's priorities.
- **The forum has embedded flexibility:** There is a large consultation sessions which takes place every 3-4 months and the advisory committee meets on a monthly basis. In that way it is very easy to always be at the forefront of developments and take them into consideration for the working groups' priorities.
- **Consensus brings results:** The work of the e-business forum has already won the trust of the business community in Greece as a flexible mechanism of consultation between the State and the private sector. One great success to come out of the e-business forum is the recommendation that a Greek go digital programme be put into operation. The Greek go digital programme is an action of the "Information Society" and "Competitiveness" programme and its main objective is to support 50,000 SMEs to connect to the Internet and inform them of the benefits that will be obtained through its usage. Beneficiaries of the programme are all Greek enterprises with up to ten employees, except for joint stock companies (SAs) and self-employed professionals. Under the programme, enterprises are divided in the following three categories:
 - Enterprises with no infrastructure to connect to the Internet.
 - Internet-ready enterprises with access to the Internet and an active e-mail address.
 - Enterprises that have a web site with the capacity of electronic transactions with customers and/or suppliers (B2C and B2B).

Go Digital supports the first two categories in order to facilitate their move to the next stage: from the first to the second or from the second to the third stage. The total budget is EUR 100 million.

Other major projects that have been designed based on the results of the e-business forum working groups include:

- The Go Digital Training initiative (total budget of EUR 25 million).
- The Digitisation of business procedures, addressed to 1500-2000 firms (5-150 persons, total budget of EUR 200 Million) for the adoption of ICTs and e-business tools.

Benchmarking national and regional e-business policies for SMEs

- The “Promotion of creation of vertical e-marketplaces” (20-30 projects, total budget of EUR 30 million)
- The “Development of digital content” (20-30 projects, total budget of EUR 30 million)

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Norway - VeRDI / Framework e-business policies

Description

In Norway, a new national programme named VeRDI was created in March 2001 in order to strengthen the competitiveness and profitability of SMEs by increasing their awareness of ICT. VeRDI is part of the Norwegian governments' eNorway plan whose general aim is to make 'a green knowledge economy and an information society for all'. More specifically, the government is committed to boosting skills in the use of IT and e-commerce in industry making Norway a leader in the field in the development of e-commerce and business management.

The VeRDI initiative was primarily set up based on the advice of industry organisations who recommended that the Research Council of Norway undertake a feasibility study on the e-awareness of Norwegian SMEs. The study concluded that it was necessary to have a national campaign which helped build e-competence in the target enterprises.

As part of the VeRDI programme, a range of complementary tools are made available through the net. SMEs are able to help themselves to develop and execute e-strategies through using an advanced electronic toolbox available through the net. This toolbox, which represents a comprehensive aide to strategic eBusiness planning, works through schematics and checklists to help the SMEs to develop their eStrategies. This online training through the use of the toolbox is also supported by access to best practice cases and documentation. Equally, independent consultants are available to support the e-strategy process and professional development sessions are being held throughout the country.

To increase awareness and stimulate the motivation to set aside time and resources the programme has complementary tools which may be used in forefront of the advanced electronic toolbox. These devices facilitate the business to:

- benchmark their business on the web through the "eBarometer" – a joint venture with the Danish Association for ICT Suppliers. Data from 800 Danish SMEs have already been registered in the database. Feedback from the "eBarometer" gives the benchmarking company answers about their eBusiness readiness in the fields of marketing, value chain management, internal process management and knowledge management;
- analyse their value chain, using a supply chain diagnostic tool that gives the business the opportunity to analyse the present level and development potential of their e-collaboration within their supply chain;

A revised and web-enabled version of these tools will be available on www.snd.no or www.handel.no from July 1.

A certain number of companies or groups of companies also have the opportunity to bid for partial funding to help implement these strategies by putting together a project plan. The goal of these projects must include specific results so that the lessons learned can be evaluated and shared with other companies.

The target groups and priorities are SMEs (with less than 100 employees), industries and value chains (i.e. meeting new market conditions), women (into e-business) and districts. SND (Norwegian Industrial and Regional Development Fund) is the

responsible authority for development and implementation of the programme. One interesting outcome of VeRDI is that when the programme involves networks of SMEs, the most successful networks are not the heterogeneous groups but the groups of SMEs formed from a market of value-chain perspective.

The VeRDI-programme adds value to its efforts being a complementary programme to "BIT", another Norwegian ICT development programme. BIT motivates SMEs in similar industries or sectors to joint their forces to develop tailor-made software and e-business applications

The Norwegian Industrial and Regional Development Fund (SND) is the responsible authority for the development and implementation of the programme. For 2002, the total budget for VeRDI-projects is estimated at EUR 2.2m, with EUR 0.5m but aside for the development of tools and methods.

Objectives

The main objectives of the policy are:

- increasing awareness and motivation
- facilitating the start up of eStrategy processes
- providing knowledge and professional development (best practice)
- promoting joint measures and infrastructure.

Summary of good practice elements

- **Impact on business processes:** The main difference between the VeRDI-programme and other Norwegian initiatives is the focus on modern communication technology and the impact on business processes and interaction between customers and suppliers. At the same time the programme aims at developing the strategic awareness both in the individual SME and value-chains or clusters.
- **Building trust:** The tools and procedures developed will facilitate professional and social interaction between managers of SMEs, building trust. One notable outcome of the programme so far is that in some of the project funded there has been a redistribution of tasks in the value-chain enabled by new way of communicating.
- **Learning from experience:** The programme benefits from lessons learnt under a former industry organisation initiative and the Research Council of Norway undertook a feasibility study on the e-awareness of Norwegian SMEs in order to provide background data. The study concluded on the necessity of a national campaign on building e-competence in the target enterprises.
- **Consultation with stakeholders during development:** During the development phase of the programme, another extensive requirements study was carried out including both in depth interviews with business, research and governmental authorities and workshops where both organisations and representatives of the target group were present.
- **Networks and synergies with other programmes:** Accepting that the development and dissemination of new knowledge and good business practice are critical success factors for the SMEs, the programme has contributed to creation of networks between research institutes, business schools and other competence organisations.

- **Mechanisms for exchange of experience:** VeRDI uses a network of contact persons in order to exchange experience and understanding of the programme's objectives. This has helped the programme to improve as the dialogue means that best practice elements can be disseminated and implemented across the whole network. This process has been facilitated through a very effective programme management strategy.
- **Using independent expert help and guidance:** VeRDI uses a mechanism of bringing in expert help, through independent consultants. Using independent consultants is a way of guaranteeing that the expertise provided is credible and effective. The consultants have to have a knowledge and understanding of the particular issues faces by SMEs as well as understanding e-business and strategic thinking.
- **Piloting tools and work methods:** The practical use of developed tools and work methods were due tested in 10 pilot projects that covered e-strategy development processes in individual businesses as well as in groups and supply chains. Lessons learned in the pilots, which covered 20 SMEs became an important feedback to new projects and their advisers.
- **Special attention to women entrepreneurs:** VeRDI arranged special events for micro-companies and businesses owned by women. Start up toolkits and workshops for female advisers were offered on a regional basis. Also the net security issue was a part of regional based events for advisers.

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The Netherlands - The Netherlands Goes Digital / Framework e-business policies

Description

In the white paper 'The Dutch Digital Delta: The Netherlands online' (June 1999), the Dutch Government announced a large number of actions and activities to help the Netherlands go online. Part of this drive was named the 'Netherlands goes Digital' and focused on encouraging Dutch SMEs to use Internet and e-commerce applications. The Dutch government wanted the Netherlands to take a leading position in the use of ICT in Europe and an international benchmarking study on ICT (November 2000) showed that the Netherlands was lagging behind other leading European countries.

The policy was built around addressing 4 main barriers to electronic business for SMEs, identified by research and consultation with several relevant organisations including employers' associations VNO-NCW and MKB-Nederland:

- Lack of awareness of the possibilities of ICT
- Lack of knowledge and experience with ICT
- Lack of trust
- Lack of resources and capacity

The 'Netherlands goes Digital' is managed by Syntens, an independent non-profit making organisation with a local presence throughout the Netherlands. The total budget amounts to around EUR 36m for 4 years (2002-2005) (exclusive of additional regional and private budgets).

Within the policy, electronic business is considered to be wider than just buying or selling on-line. In general, SMEs perceive electronic business as supporting business processes with e-mail, Internet or other electronic means of data-exchange. The types of instruments being used include:

- Individual advice: there are funds available to call in an external expert. As an independent intermediary, Syntens helps the SME in selecting a commercial expert. Usually, the external expert is a SME itself.
- A trade programme: Apart from instruments targeted at individual SMEs (individual advice and workshops), there is a trade programme aimed at sector organisations. In this way the Ministry acknowledges the fact that SMEs like to be informed through trusted channels.

Objectives

The two concrete objectives of the Netherlands Goes Digital' are:

- Two-thirds of SMEs should have an Internet presence
- Two-thirds of SMEs should conduct business transactions via the Internet (electronic transactions with customers, suppliers or other business contacts)

The initiative is targeted at SMEs that still have a "reserved attitude" to the Internet and e-commerce, not innovative SMEs involved in the development of new ICT know-how. The goal is to reach 15,000 SMEs.

Summary of good practice elements

- **A comprehensive plan and defined instruments:** The policy is a comprehensive action plan targeting various hurdles and various groups each with specific instruments. For each instrument, the policy is worked out in detailed project plans by Syntens, in close collaboration with the Ministry. These plans describe goals, resources, timeframe, evaluation etc.
- **Creating a laboratory of new ideas:** Within the policy there is room for some 'experimenting' with new ideas that could lead to future policy instrument development. Again in close collaboration with Syntens, a few small experimental projects have been defined: exploring Application Service Providing for SMEs, pilot projects for mass customisation, chain transactions and e-export, and an investigation into selecting commercial e-commerce consultants by SMEs.
- **Well-defined communication of plans and actions to the target group:** In all the individual project plans for the instruments (workshops, advice, trade programme, etc.) a budget is allocated for communication and for every instrument, the communication will be supported by the Internet. In addition, the delivery is supported through the Internet. For example, the programme is developing on-line self-diagnostic 'quick scans' for entrepreneurs, distributing best practice- and workshop-material through web sites, and on-line evaluation for individual advice and workshops is being prepared. Also, each branch of Syntens is equipped with a so-called 'E-room' where high-tech equipment, like smartboards and videoconferencing, supports workshops and demonstrations.
- **The evaluation of the policy instruments:** For every instrument, an evaluation is tailored for the individual project plan. Evaluation is not only aimed at monitoring customer satisfaction. The programme team also collect data on the use of e-business in SMEs to monitor the actual application of e-business and the need of SMEs for specific support.
- **Special measures for assessing the impact of individual advice:** For individual advice, a special measuring instrument was designed to assess the impact of the projects' intervention. For this, the level of use of e-business is measured before the consultant starts and one year after the consultant has left. The measuring instrument (a questionnaire) investigates the use of certain e-business applications in several business processes, the attitude towards e-business (ambition) and the ability to innovate with e-business (capability). The results will also be used to benchmark individual companies against their sector colleagues. An on-line version of the questionnaire is being prepared.
- **The audit trail:** The policy design and implementation is particularly thorough and is something which could be used in other policies across the EU. The policy did not just stem from the initial White Paper, but the ideas in the White Paper relating to SMEs were also tested through an International ICT benchmark study (November 2000)⁹

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⁹ The benchmark countries are Australia, Canada, Germany, Finland, France, Japan, Singapore, the UK, the US and Sweden

Spain - Catalunya on the Net / Framework e-business policies

Description

In 1999 the government of Catalunya defined an Information Society (IS) Strategy Plan with a roadmap of initiatives to deploy. As the government restructured in 2000, the Information Society issues moved to the newly created Ministry for Research, Universities and the Information Society. At the same time, the Catalan Ministry involved in the European Presidency started the implementation of an integrating and global e-government strategy through 'Administration on-line' (Adminsitració Oberta de Catalunya.). The new Ministry for Research, Universities and the Information Society linked to this, and with the added support of all the local and regional administration, the government of Catalunya put in place a strategic plan for the Information Society structured around 7 areas, one of which was enterprise (e-business). The area of enterprise was then further sub-divided into 6 areas:

- Stimulation of demand;
- Promotion of technology industries in Catalunya ;
- Promotion of the content creation business;
- Convergence of the audio-visual and multimedia sectors;
- Promotion of e-commerce;
- Adaptive methods for the business world.

There is not a fixed designated budget for Catalunya in the Net and it varies for different schemes. Currently, the budget for 2000-2006 for digitising enterprises is EUR 40m.

Objectives

The programme gives several levels of support to business. Some of the main objectives included in the policy strategy are:

- Raising awareness and promoting the use of ICTs in businesses in Catalunya - also offering technological or financial support.
- The development of sector diagnostics which aim to identify the impact, risks and opportunities of the new technologies and any relevant business sector.
- Creating an incentive line for development of innovative application focused on data communications and information exchange among a co-operative group.
- Increasing 'unique' projects of ICT implementation for clusters of SMEs.
- Increasing support for business incubators.
- Creating materials and organising training courses specifically for the needs of SMEs covering mobile technology, electronic signatures, hosting and other relevant aspects of technology.
- Developing a teleworking programme within a virtual network for SMEs with services and training support.

The targets set by the policy are both qualitative and quantitative, the main emphasis being to cover and implement the main priorities of the eEurope initiative.

Summary of good practice elements

- **Aligning with the eEurope priorities at the regional level:** This is a very good example of a regional policy which aims to cover and implement the eEurope priority actions.¹⁰

¹⁰ All information is available online at the Catalan Governmental portal <http://www.gencat.es/csi/cas/>

- **Support from all local and regional administrations:** The plan is supported by the whole of the local and regional administration and is proving to be highly relevant to the SMEs across the region. The local needs are taken into account throughout the whole of the policy.
- **The support of independent experts and decision-makers:** Catalunya on the Net was defined under the Government's umbrella. Nonetheless there were more than 300 independent experts and decision-makers of local and regional administration involved. Most of the success from 'Catalunya on the Net' seems to stem from the co-ordination of the policy and the organised involvement of key actors and stakeholders in the region representing business and the regional government. Catalunya is traditionally a region full of SMEs with the majority (98.9%) having less than 50 employees. There are 489,656 enterprises in total and wide sector coverage within the region.
- **To cover e-business needs across the whole business cycle:** The aim is the digitalisation of Catalan enterprises in all areas - considering the SME as a business that needs to take on board new businesses practices throughout the business cycle: from very basic to sophisticated e-business changes, these include.
 - Increasing awareness: facilitate the initial contact with ICT. This represents and opportunity to demonstrate the new opportunities that ICT bring to businesses (through conferences, workshops, informative documents).
 - Sector diagnosis/consultancy services: the programme covers needs analysis and strategy development in order to harness the benefits. The sector diagnostics aims to identify the impact, risks and opportunities of the new technologies.
 - Implementation: the programme provides advice and guidance on implementing the new solutions and includes technical support and other incentives.
 - Follow-up phase: finally, there is a follow-up phase for each project implemented so that if successful this example can be extended and implemented in similar enterprises.
- **Recognising that the new economy is a different model to the old economy:** An innovative element is the additional support to create and restructure enterprises into 'intelligent spaces' and to convert and update business organisations and infrastructures in the region so that businesses working using an old economy model can change to a new model based on ICT technologies.

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E-business awareness and training

UK/Scotland - First Steps workshop series / E-business awareness and training

Description

The First Steps workshops series is a programme of 4 half-day workshops set up to help companies exploit the potential of the Internet and electronic commerce. It is organised by Scottish Enterprise and addresses the goals of the Connecting Scotland strategy which forms part of a more wide-ranging strategy for an e-Economy in Scotland. At the heart of the Connecting Scotland strategy is the same commitment that the whole UK Government has made in its 1998 Competitiveness White Paper to make the UK "the best environment in the world for e-commerce".

‘Scotland's culture and economy will be at the forefront of the wired world. Its economy will be characterised by e-businesses dealing via e-commerce and continually generating enterprise around e-commerce opportunities. Existing Scottish businesses will be exploiting e-commerce to sustain competitiveness and expand into new markets; new enterprises will be seizing the opportunities; e-commerce enterprises will be coming to Scotland because of its environment. In this future, it will be culture rather than costs that decides business location; Scotland will offer the skills, capital, customer pool, business and technical infrastructure and the legal and technology standards required for e-commerce success.’

The total cost of development, management and materials for First Steps is approximately EUR 416,000 (£250,000).

Objectives

The series of four workshops illustrate how e-business applies to SME specific markets. They are aimed at managers with responsibility for improving business performance and are designed to support the decision making process. These are:

- First Steps Making the Connection: Helping companies to establish their first web-site and get the maximum benefit from email
- First Steps Transforming Your Web-Site: Ensuring that their web-site makes a real contribution to their business
- First Steps Trading Electronically : Getting to grips with the potential for and implementation of online sales and purchasing
- First Steps e-business Best Practice: Looks at how e-business has transformed businesses, reduced costs and increased bottom line

In terms of targets, First Steps Workshop Series is essentially a ‘sales tool’. It signposts delegates to other Scottish Enterprise Network support. Targets are therefore met by companies taking further support.

Summary of good practice elements

- **Operating across the regions rather than centrally:** The First Steps Workshop Series is operating in all Scottish Enterprise regions and delegates are welcome to attend a session that suits within any geographical area. Various delivery bodies throughout Scotland present the workshops including UK Online for Business advisors, chambers of commerce and Colleges.

- **A sectoral approach to delivery:** Sessions can be 'tailored' for delegates from within the same sector/industry by the use of sector specific case studies. This has been particularly successful for the tourism sector. Each delegate leaves the workshop with an action plan focusing on the actions to be taken, issues they may face and how best to deal with them. Following a successful pilot session, The Royal Bank of Scotland has adopted a tailored version of the programme for training its 700 national Business Relationship Managers.
- **Creating a transferable model of delivery:** The programme is also replicable. The DTI have also confirmed that the UK Online for Business Centres in England will adopt the programme and a licensing agreement is being put in place.
- **Provision of SME diagnostic tools:** There is an online company profiling tool, which gives guidance, based on the SME's current use of e-business, about the most appropriate workshops.
- **Involvement of external expertise:** An external consultant controls the material updates, material dissemination, the on-line support for presenters and all aspects of training presenters. A pool of approximately 90 presenters (including representatives from Colleges, chambers of commerce, UK Online for Business Centres etc) delivers the courses throughout Scotland on behalf of the Scottish Enterprise Network. As well as workshop information, there is a library of case studies presenting how other companies have used Internet Technology to help their business.
- **Covering all levels of e-business implementation:** There is a realistic step-by-step coaching approach from basics to advanced e-business implementation.
- **Providing a fully integrated suite of services:** In order to ensure that once SMEs are involved in First Steps that they receive the best possible service, Scottish Enterprise has fully integrated First Steps with all the other programmes that are targeting SMEs in Scotland. For example, the e-business related services (including fact sheets and seminars) of the UK online for business Centres and other public organisations are clearly signposted throughout all workshops. All delegates are encouraged where appropriate to seek further advice as soon after the session as possible.
- **A balanced scorecard approach for performance management.** The balanced scorecard offers an alternative to the traditional financial indicators. It describes and explains what has to be measured in order to assess the effectiveness of a strategy. The balanced scorecard approach to aligning strategy with action is very applicable in the public sector, particularly as it does not focus so heavily on financial metrics, such as profit. In the case of Scottish Enterprise, targets are set not for inputs or activities but for outcomes, eg the number of organisations marketing and transacting online as a result of their assistance.

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Austria - Ecaustria ('Let's e-biz') and Telefit / E-business awareness and training

Description

Ecaustria is a web-based information source and online communication platform set up by the Federal Ministry for Economy and Labour and the Austrian chamber of commerce. Ecaustria was created as a part of the "Let's e-biz" project, which is the main communication venue for the overarching initiative "e-business in a new economy" of the Federal Ministry.

The platform www.ecaustria.at is informing businesses on all aspects of e-business in the following areas:

- News - what is new in the e-business sector.
- Topics - every month businesses will get detailed information in a specific topic – in March 2002, for example, about “e-logistics”.
- Basics - provides some basic information about e-business for newcomers.
- Best practice- gives information in different areas like security, marketing, web design, etc.
- Line of business - offers sector specific information, i.e. e-business in the service sector, the finance sector, tourism, etc.
- Support actions - informs about the different financial instruments to promote e-projects.
- Training - provides information about e-learning and IT-training courses
- Awards - the best e-business and multimedia products in Austria are selected on an annual basis. The most important selection criteria are design and layout of the product, but also the value added to the user, applicability as well as commercial viability. The winners are presented to the public and even celebrated on TV. In addition, the winning products are presented on the ecaustria.at-webpage.

Objectives

The goal of this initiative is to turn Austria into one of the leading countries in the Information Age. Let's e-biz" is presented as a major awareness-raising and training initiative. The potential for e-business is still enormous: both in co-ordinating business processes with customers and suppliers and in connection with Internet marketplaces. Large companies increasingly do business over the Internet, and small and medium-sized enterprises often act as suppliers. Thus, adopting e-business becomes a key factor for their success in the market.

Summary of good practice elements

- **A comprehensive consultation process involving a range of stakeholders:** The establishment of this platform was preceded by a long and inclusive consultation process. Three hundred experts from business, science and administration worked together for six months, divided in working groups on all relevant matters relating to e-business (for example e-content, e-employment, e-location etc.).
- **A two-way interactive information service:** Ecaustria is an interactive information service and organisational platform for the purpose of improving the flow of information between small and medium-sized enterprises.
- **Sophisticated marketing techniques:** (classic advertising, direct marketing, Internet marketing and event marketing) as well as consistent public relations in

opinion-making and multiplying media for target groups exclusively in the B2B segment was and still is, the basis of success.

- **The provision of industry-specific case studies:** Let's ebiz provides industry-specific case studies of e-business projects that have already been implemented, as well as to offer a direct, interactive gateway to contact the businesses and providers which implemented the projects. After the economy was unsettled due to totally unrealistic expectations propagated by the IT industry, this is now the only effective way of convincing companies of the necessity to adopt e-business.

Description TELEFIT

Another Austrian initiative which complements the Let's e-biz platform is TELEFIT, a project supported by the "European Funds for Regional Development" (EFRE), the Federal Ministry of Economic Affairs and the Economic Chamber of Austria. Telefit is also an information platform but delivered via the distribution network of the Institute for Economic Promotion.

In order to do convince SMEs of the advantages of the e-Economy action lines, TELEFIT includes informative videotapes, highlighting best practice examples and guidelines on how to find e-marketplaces etc. The cost for one event is roughly EUR 11,000.

Objectives

- Supporting Austrian SMEs to prepare themselves for the new challenges related to telecommunication, enabling them to profit from new developments.
- Provision of information as well as running seminars and road-shows across the country

When TELEFIT started there were between 30-40% of SMEs online. This has now grown to over 80% SMEs with an online presence in Austria. In 3-4 years TELEFIT will have contacted approximately 40,000 SMEs directly and have informed over 300,000, providing them with information. (Currently there are lots of new initiatives going on including the electronic signature, e-commerce law, etc...)

Summary of good practice elements

- **Addressing very specific needs of SMEs'** Telefit is geared towards SMEs' specific needs, providing them with fundamental information and financial support.
- **Reaching out to more remote areas:** TELEFIT reaches not only companies located in urban nucleus but also SMEs in peripheral areas, which could not attend these courses otherwise.

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Finland - eASKEL / E-business awareness and training

Description

The eASKEL programme has been developed by the Finnish Ministry of Trade and Industry in order to improve e-business implementation all over Finland.

The service is based on a network of specially trained and certified private-sector consultants who conduct company level e-analysis and give impartial advice in the form of action programmes integrating digital networking tools into company functions.

The goal is to increase SME management competence in strategic e-business development, recognise and implement profitable e-business opportunities, identify core development needs for e-business, and to produce a development plan for participating companies. To achieve this, private consultants take between 2 and 5 days to analyse each of the participating companies and develop action plans. The programme is not aimed at SMEs who are pioneers in using e-business or solving IT problems but for SMEs who need help getting started.

Behind the decision for the development of eASKEL was feedback from the Employment and Economic Development Centres¹¹ that 'SMEs needed help in taking advantage of e-business'. On the back of this, eASKEL was first piloted as a concept in four companies to help them with their product development. There was also a pilot set up to train eASKEL-consultants with feedback on how the service and the process worked.

The budget and financial resources for the policy depend on how many companies participate in the eASKEL-programme. The budget for reaching 500 companies is approximately EUR 320,000 per year. The company pays only part of consultation costs, approximately 30-40% of the total costs. The rest is financed from the government budget via Training and Enterprise Centres which are given a certain budget allocation to carry out these kind of product packaged consultation services. Thus the Government subsidies cover 85 % of direct consultant fees.

Objectives

The objectives of eASKEL are:

- To increase the readiness of management to supervise the strategic development of e-business within an enterprise.
- To harness the potential generated by e-business development activities.
- To identify the essential targets for developing e-business within the enterprise.

The programme is aimed at SMEs who:

- Seek to develop their business activities by using the Internet and new information technology solutions.
- Are developing or reassessing their business strategy.
- Seek new ways to enhance operational efficiency.
- Seek to strengthen relations with their clients or associates.
- Have a need to develop network-based operational models for their customers.
- Are expanding their international activities.

¹¹ The Ministry of Trade and Industry, the Ministry of Agriculture and Forestry, and the Ministry of Labour in Finland have jointly combined their regional forces in the Employment and Economic Development Centres (T&E Centre). Fifteen centres countrywide provide a comprehensive range of advisory and development services for businesses, entrepreneurs, and private individuals. <http://www.tekeskus.fi/web/ktmyht.nsf/TE-mainENG?OpenFrameset>

eASKEL has set itself a target of helping around 500 companies per year.

Summary of good practice elements

- **ICT solutions are targeted and tailored to the users needs** : Through a number of different mechanisms developed by the eASKEL experts the project is providing direct measures at those life cycle stages that are most critical in terms of the company's success. The development of e-business in SMEs should take place "step-by-step". If a company has only one computer, uses email chiefly for personal messages and does not have a web page, it is not useful to implement a CRM solution.
- **Using the experience of past programmes and research**: eASKEL is a large programme which uses previous research undertaken by the Government into what should be done to help SMEs take advantage of e-business
- **Employ an extensive communications policy**: The eASKEL programme is widely known due to an extensive communications policy.
- **Involving external expertise in the process of delivering advice**: 19 consultants specialised in Small and Medium-size Enterprise have been trained to be "certified" as eASKEL-consultants. The government has realised the importance of involving an independent consulting company, which has experience and competence in developing SME business activities and technology solutions associated with e-business. Quality is assured by specialists competent in developing both the company's business activities and its IT solutions.
- **Branding to give a professional approach to service delivery**: The programme is described as a "Branded Expert Service"¹². The format of the service is standardised in order to give a certain authority and to make the service accountable. The "Branded Expert Service" also promises to produce "tailored-made" solutions which meets the special needs of the customer.
- **Working in collaboration with other complementary services in existence**: eASKEL complements other existing services tailored for SMEs, for example the "ProStart" Expert Service is a development and evaluation programme for business ideas, the "Tuotto"[†] Expert service is a productivity development programme for manufacturing enterprises. eASKEL is the tool/programme in the development of e-business.

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¹² eAskel is one of 13 "Branded Expert Services". Ministry of Trade and Industry have developed together with Employment and Economic Centres (T & E Centre) "Branded Expert Services" for different challenges of enterprises.

Sweden – SVEA / E-business awareness and training

Description

Set up by the GEA (the Swedish Alliance for Electronic Commerce), the SVEA programme is raising awareness amongst SMEs of the commercial possibilities of e-commerce and how e-business can be used in different parts of the business process. The project began in 2000 and focuses on SMEs which have no previous contact with e-business and are characterised by low IT knowledge. The mission is to inform companies of the benefits they can reap by being a part of the digital economy. The project strives to increase understanding of the new business processes, not the technology itself.

SVEA points to best practice and spreads the word about electronic commerce and its uses for companies in all sectors and in all regions. SVEA educates "ambassadors", people within companies who are then in a position to educate others. It also gathers case histories in a database containing knowledge and insight into a company's day-to-day operation using the latest tools. This database is knowledge exchange tool and is available to everyone within the company involved in SVEA as well as competitors.

The project employs a variety of mechanisms, including conferences and seminars, businesses case studies and access to IT solution providers and a web guide to business sub-processes and how they can be supported by e-business. These are delivered through:

- Seminars, telephone calls, letters and the promotion of good examples
- More in-depth seminars
- Interactive training using existing URLs from partners on matters such as billing, export, logistics, public procurement etc.

These tools are applied in a highly informal way. There are arrangements with business associations, as well as links with other regional initiatives, local consultants, and partner companies. SVEA also adapts to opportunities and new market development. As an example, the way that SMEs are offered information was changed when SVEA started to co-operate with marketing and research companies.

The policy is delivered by a project manager, with many years of experience of running nation-wide networking projects, together with a part time communications expert (journalist experience), a part time network co-ordinator, a web master and a liaison officer with local projects run the project, hired by the managing organisation which in turn gets funds from sponsors.

SVEA is also being sponsored by the private sector as some large corporations have a business interest in promoting SMEs (Telecom, Post logistics, IT). The sponsors work together with two other major organisations, the confederation of Swedish Enterprise and the Association of Local Authorities. The budget for the first two years was EUR 1.8m in total. EUR 0.4m are allocated for 2003.

Objectives

The objectives of SVEA are:

- To build a communication platform on the Internet. The purpose of this platform is to spread information and create possibilities for the exchange of knowledge and experience between companies (a 'competence exchange').

- To increase SMEs e-business use and create effective customer-supplier processes by establishing and manage a national SVEA network.
- The local networking partners (projects, “SVEA coaches”) provide feedback in an informal way. SVEA also arranges conferences 1-2 times a year.

There are also clear quantitative targets for this project:

- To reach 100,000 SMEs with information and education on e-business.
- To get 30,000 companies using e business, and to produce a high quality database.
- To establish and maintain an interactive communication site on the Internet with information, knowledge and competence.

Summary of good practice elements

- **Targeting sectors and regions:** SVEA is a comprehensive set of awareness and support policies targeting sectors and regions within Sweden.
- **Including private sector participation as a means of enhancing the reputation of the service:** The policy is sponsored by the private sector with an interest in helping SMEs. This type of sponsorship enhances the reputation of the programme as some SMEs may be reluctant to get involved with government run services with no known expertise.
- **Adapting its message to the changing needs of the programme:** SVEA is adaptable and has changed the way it delivers its message due to the involvement of marketing and research companies.
- **The use of ambassadors:** Using ambassadors within companies means that expertise is diffused throughout the business. SVEA recognises that there is a growing demand for information and competence within companies that is erasing the original demarcations between job descriptions. Networks and teams are replacing hierarchical structures and educating ambassadors is a way of addressing this.
- **Linking to other relevant initiatives to improve support capabilities:** SVEA is taking advantage of many other initiatives that are up and running in Sweden and linking up to them.
- **Using case studies and good practice information:** This delivery approach helps demonstrate to SMEs how using technology can enhance business capabilities

The main element of good practice is that this policy produced some tangible results:

1. Usage of e-business has increased from 26% to 54%
2. The number of SMEs buying on the Internet has increased to 41%
3. The number of SMEs selling on the Internet has increased to 24%

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Germany - B-online / E-business awareness and training

Description

Lower Saxony is one of 16 federal states of Germany with an extremely high proportion of SMEs. In the first half of the year 2000, statistics showed, that a substantial number of the SMEs in Lower Saxony were not really using the Internet or taking advantage of e-business

To prevent the SMEs from lagging behind and missing out on the fast development of Internet technologies the government of Lower Saxony initiated the project “b-online – Lower Saxony supports e-commerce” (b-online Niedersachsen fördert e-commerce). As well as the regional government, the project is also supported by all chambers of commerce and trade of the State of Lower Saxony together with the Technology Agency of Lower Saxony (NATI). The project is managed by both NATI and the chamber of commerce in Hannover, with NATI in charge of public relations and all administrative matters, and the chamber dealing with specialised content. There are seven local points across the region, established in local chambers of commerce.

The backbone of the initiative b-online is a network of seven local centres in Lower Saxony, called “b-online-Junctions” (“Knotenpunkte”). Each of these centres are built up and run locally. In every local centre the initiative employs b-online consultants, who provide practical assistance in terms of evaluating the Internet/e-commerce-needs of SMEs in their local area and supporting its implementation. The main activities of the b-online junctions are to:

- provide impartial consulting advice on how to use the Internet and to start up e-business
- give SMEs further training (local ICT Skills Workshops)
- undertake special local activities, for example website checks for craft-enterprises to make their online activities more professional.

B-online also funds innovative demonstration projects for SMEs. and organises special events. For example, the annual road show “e-commerce in Lower Saxony” looks at 10 best practice examples of e-business in SMEs in each local centre. There is also an annual “e-business Prize Lower Saxony” for innovative e-business-projects and this year (2002) a guided SME-CeBIT-tour in key-themes like e-Procurement and on-line sales.

The initiative started in May 2000 and was initially planned for a period of two years, but due to its success has now been extended for 4 months until August 2002. After that, a continuation of this project is planned to 2003. The Government of Lower Saxony has contributed approximately EUR 2.15m to the project. Part of the budget has been allocated for the chambers of commerce, the rest is used for public relations-related activities conducted by NATI.

Objectives

The main objective of the initiative b-online is to support and encourage SMEs of all sectors in their use of Internet and e-commerce, particularly concentrating on awareness raising.

This is being achieved through:

- Awareness raising: In order to fully exploit the benefits of e-commerce, it is necessary to raise interest among a wide circle of SMEs for the applications of new media. The objective is to demonstrate the opportunities and potential for the success of businesses.
- Basic information: As a first step in the qualification of businesses, specifically designed information is provided for businesses. Consultation is offered on regular open-door days for SMEs or can be arranged individually. All consultation is done by specially trained consultants. Consultation is offered for all matters related to e-commerce, especially with regard to legal and security matters.
- Sector-specific know-how: For businesses which already dispose of basic e-business knowledge, sector-specific know-how is provided in a second step
- Cross-sector topics: In addition to sector-specific know-how, businesses are consulted on cross-sector e-business applications
- Exchange of experience: The full usage of the potential of e-business is dependent upon the exchange of information and experience among businesses, the local junctions, and project management.

From May 2000 to November 2001 the initiative b-online organised 250 events and training workshops with over 11,000 SMEs taking part. At the same time 450 consulting projects were underway with a special focus on small enterprises with up to 20 employees. The tools used by the local junctions are demonstration projects, seminars, events, workshops, and consulting.

Summary of good practice elements

- **Inclusion of all relevant stakeholders in the consultation:** One good practice element is the inclusion of all actors relevant to SMEs, thus the regional technology agency (NATI), and all the chambers of industry and commerce in the region.
- **Tapping into existing networks of cooperation:** The use of the chambers of commerce means that the initiative is tapping into existing networks of co-operation, reusing local expertise
- **Establishing synergies with other competence centres:** There are synergies between b-online and the network of competence centres established by the Federal Government. One example for the co-operation between b-online and the national competence centres is a database of service providers, which has been developed in a joint effort by some of the centres and b-online. This database can be accessed by the web sites of all organisations which have worked on this project.
- **Providing tailored information for SMEs:** Businesses are confronted with an enormous amount of information. B-online specifically tailors information to the needs of each company by providing specific discrete 'packages' of information. For the information providers, the efficient bundling of information helps to avoid duplication of efforts.

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Promoting SME support networks

UK – Opportunity Wales / SME support networks

Description

The Better Business Wales partnership was created in November 1999 by the Wales Trades Union Congress, British Telecom and HSBC Bank with the backing of the National Assembly for Wales. It was formed with the aim of designing and developing a pragmatic initiative, based on a proven approach, to change attitudes towards e-commerce in Wales whilst helping businesses understand the tangible benefits it can bring to those business in terms of efficiencies, growth and profit. The additional partners, namely, HSBC Bank, Cardiff University's e-commerce Innovation Centre (eCIC), University of Glamorgan, University of Wales Bangor, Prince's Trust, RNID, ELWa, the Welsh Development Agency, Wales Enterprise and the Welsh Local Government Association representing all of the Local Authorities within the Objective 1 Area joined the Project.

An application for EU funding under the Objective 1 programme was submitted in July 2000 and was approved by the Wales European Funding Office (WEFO) in February 2001.

The EUR 33m Euro initiative has been funded with EUR 17m being provided by WEFO and the remainder being contributed by the partner organisations and the National Assembly for Wales. A significant part of the budget is allocated to the provision of face-to-face advice to SMEs and subsequent implementation support. Although some grant aid is available for SMEs this is not the core feature of the project. The focus of the scheme is the provision of one-to-one support to businesses by properly trained e-commerce advisors managed by existing regional and sector implementation partners. This will be based on the model designed tested and proved by e-commerce Innovation Centre who have created a centre of excellence as part of the initiative and they will be responsible for up-skilling advisors.

Opportunity Wales offers different levels of support, designed around the critical small business criteria of ease of access, ease of use, trust, quality and low cost. Together they form, and make available a comprehensive and proven service to ensure businesses implement e-commerce effectively. Businesses located in the Objective 1 areas of Wales will be eligible for financial support and up-skilling to assist them in the implementation of e-commerce solutions. In addition, the e-commerce Innovation Centre's Centre of Excellence will disseminate knowledge and experience across the Objective 1 area of Wales in the form of Satellite Centres to be located in Bangor, Milford Haven and Colwyn Bay. A contact centre and an Internet portal providing 24 hr access to best practice and a complete source of relevant and practical advice will be also be provided by Better Business Wales.

Objectives

The overall objective of the project is to promote positive attitudes towards business growth, market orientation and usage of e-commerce among businesses in the Objective 1 assisted region of Wales resulting in increased prosperity and employment.

The project will focus on the key motivators for the use of e-commerce in SMEs which are increased sales, more efficient business processes, a one stop shop for support and increased profits.

Opportunity Wales had the following targets:

- Number of companies contacted directly: 35,000
- Number of trained advisers in post: 50 start of Year 2, 80 start Year 3 building to 130
- Number of companies receiving comprehensive e-commerce reviews and implementation support: 5,267
- Delivery of e-commerce Portal (Web Site)
- Net Additional Employment: 2042

Summary of good practice elements

- **A comprehensive needs analysis:** A comprehensive needs analysis was undertaken before the project was set up in order to shape the programme. Welsh businesses are aware of the importance of e-commerce, but research undertaken in April 2000 by National Opinion Polls (a recognised UK national survey organisation) signified the low take-up of using it. The research stated that while businesses were aware of e-commerce, they were unsure of how to achieve a business benefit and how to define what the benefits are in the first place. Low awareness of e-commerce is complimented by low Internet connectivity, as the Department of Trade and Industry found through its own research that Wales has the lowest take up of Internet connectivity in the UK. These findings provided the catalyst for the creation of a programme to help small and medium-sized businesses (SMEs) in Wales to understand e-commerce.
- **Effective SME consultation:** Opportunity Wales replicates and enlarges small scale projects which have already been successfully implemented in other parts of Wales. The consultation process has taken into account the research carried out and SME feedback received by these small projects. In addition, further extensive consultation was carried out prior to the inception of Opportunity Wales and the result of this exercise were incorporated into the planning of the initiative.
- **A shared approach:** The project provides a common approach across the whole Objective 1 area of Wales for SME e-commerce implementation. There is far more synergy in a large project of this type than numerous smaller initiatives. The project ensures good practices can be shared across Wales rather than kept in isolated pockets.
- **Effective delivery mechanisms:** The face to face support services will be provided by a mix of both public and private sector organisations using existing delivery infrastructures rather than developing a completely new one. The policy addresses the needs of SMEs but also ensures the quality of local advisers providing e-commerce support is improved through a comprehensive training and accreditation system and the support of an e-commerce Centre of Excellence.

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Germany – Network of e-business centres / Promoting SME support networks

Description

In 1999 the Federal Government in Germany delivered an action plan "Innovation and employment in the 21st century Information Society". As a response to the plan, a network of 24 regional competence centres was set up by the German Ministry of Economy and Technology in order to support SMEs as well as crafts businesses with the adoption and usage of the Internet. This action was a central measure adopted to help SMEs with the take-up of e-business in the Information Age.

The competence centres have become focal points for SMEs and the crafts industry in their search of consulting and support services in all matters related to e-business. One of the tasks of the competence centres is to raise awareness for the potential benefits of ICTs for businesses. Free and neutral consulting and information services, seminars, events as well as market research are part of the wide service portfolio. In addition, there are 4 sector specific centres, which are operating on a national level. These are currently covering commerce, tourism and professionals.

Co-operation networks have also been established with other competence centres operating in the field of e-business. These joint actions are outside the original network and are financed externally. These joint actions include workshops, publications, and new projects for the development of specific e-business instruments for SMEs.

In 2001, funds coming from the Federal Ministry of Economy and Technology amounted to EUR 3.2m. A budget of EUR 3.9m has been allocated for 2002. In total, EUR 10m have been spent until the end of 2001.

Objectives

The objectives of the network of e-business centres are:

- To provide support in the development of e-business for all SMEs and craft businesses
- To raise awareness for the potential benefits of ICTs for businesses. Free and neutral consulting and information services, seminars, events as well as market research are part of the wide service portfolio.
- Additional tasks of the centres are the demonstration of good practice, and training.
- The emphasis of the competence centres is on the following areas:
 1. Legal issues
 2. Security
 3. Technology
 4. Logistics
 5. Market places
 6. Management
 7. Visualisation

The targets are to provide access to all SMEs and craft industries to the necessary tools to help them take advantage of e-business.

Summary of good practice elements

- **Tailoring the services to the needs of SMEs:** The network of competence centres is characterised by tailoring of its services to the needs of SMEs, its integration of different measures, as well as its comprehensive service offerings, which make it a highly efficient instrument for technology transfer. In the coming years, the network will be turned into a comprehensive support-network for SMEs and crafts businesses, including thematic focal points such as e-marketplaces, e-logistics, and IT-security, as well as a sector-specific specialisation (in addition to the already existing sector-specific competence centres).
- **Tapping into the existing networks operating across the country to extend the service:** The network is spread across all German regions and in the meantime includes partner institutions which are not directly supported by the government. The regional emphasis of the centres ensures geographic closeness to SMEs and thereby helps to overcome one of the major barriers for seeking help. In addition, the network provides an increasing emphasis for co-operation between the centres, businesses and other institutions. This has been manifested by joint events, the joint development of training instruments as well as by joint publications.
- **Exploiting important synergies:** Exchange of experience, joint initiatives and rapid diffusion of know-how and technologies are the most important benefits.
- **Developing regional networks around competence centres:** The development of regional networks around the competence centres is of increasing importance. Private businesses (hardware and software suppliers, solution providers and consultants) have to be part of this process.

The raising awareness and competence among SMEs has resulted in a need to adapt the instruments of the network. This has led to an increasing specialisation of the competence centres according to sector-specific needs or to horizontal topics (including tourism, commerce etc).

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Ireland - PRISM II initiative / Promoting SME support networks

Description

The PRISM II initiative is managed by the chambers of commerce of Ireland (CCI). The primary aim of the project is “e-commerce capacity-building with SMEs”. The initiative is a continuation of an earlier project, PRISM, which involved over 3,300 SMEs and contributed to a significant increase in understanding of how e-commerce can affect their business. However, consultation suggested that there were still some barriers to the take-up and implementation of e-business solutions. PRISM II was implemented in order to address these concerns.

Nationally, the project is managed by a National e-commerce co-ordinator (NCC) who reports to a National management committee (NMC) and to the Deputy CEO of the CCI. Progress towards targets is reviewed by a project steering committee and quarterly ‘internal evaluations’ are undertaken. CCI has appointed an independent evaluator who monitors overall progress. Feedback forms from participants are analysed by the project team. Six monthly reports are commissioned from the Regional Centres, covering progress, challenges and developments for consideration by the NMC.

The initiative is running from 2000 to December 2002 with a total budget of around EUR 3m.

Objectives

The objectives of PRISM II are:

- To provide e-commerce strategy (ECS) training courses to instructors and individual SME participants. (with a target to train 50 ECS Instructors and 2,000 individual participants by the middle of 2002).
- To provide a national network of local support and advisory services to SMEs through the chamber of commerce network, facilitated by 9 regional e-commerce co-ordinators.
- To create at least 18 e-commerce networks of SMEs to explore new and innovative approaches to SME adoption of e-commerce.
- To create 9 e-commerce support alliances for SMEs at local and regional level between the state agencies, higher education, county enterprise boards, area partnerships, banks, large businesses and the social partners.
- To engage in an on-going series of local e-commerce awareness activities with local partners, using the positive experience of local SMEs as the catalyst for further SME adoption of e-commerce.
- To publish information for potential participants on the web and circulate a monthly e-zine to chamber members informing them of developments within the programme. In this way the project exploits the national network of the chambers and allows the sharing of good practice, as well as lessons for other participants.

The extent to which the programme achieves its targets is measured through a variety of feedback mechanisms e.g. participant feedback forms, external evaluation, on-line exams. Whilst the overall objectives are fixed, the project is primarily about meeting the needs of SMEs and therefore those needs are reassessed and monitored, and where possible incorporated into the project.

By the end of 2002, some 2,000 businesses will have begun this process and CCI intends to seek funding both public and private to establish the structures that would enable the businesses and others to continue this process.

Summary of good practice elements

- **Partnership between the public and private sector:** PRISM II is an example of a partnership between public and private sector, the project being implemented by a SME representative body (CCI).
- **Setting of a clear focus and implementation plan:** The project has an explicit aim – to build e-business capacity within SME sector – and a clear focus – on process of e-business implementation through local e-business awareness/training.
- **Adapting to the views of the target group:** The project responds to bottom-up feedback (from participants and trainers) and enables refocusing in light of ongoing evaluation outcomes.
- **Providing sustainable support structures:** The project has also created an additional support infrastructure (e-business executives, regional IT training facilities & an e-business strategy training programme) which can remain in place after the project is completed. This means the programme is sustainable as long as revenue can be derived (from delivery) to cover running costs and overheads. This is an important legacy of the project as it demonstrates the willingness to continue to support more SMEs, and more importantly that the structures in place have proved worthwhile.
- **Making sure that the benefits of the programme are available to all SMEs through good communication and dissemination:** The benefits of the programme will be multiplied through activity such as dissemination of best practice and case-studies the e-zine, project web site and workshops and seminars.
- **Thorough evaluation which feeds back into the programme delivery:** Through the programme and its evaluation, CCI have built up significant information and knowledge about SMEs and how they are responding to the challenges of ICT and case-studies of businesses that are profiting from their strategies. Research and analysis of the support services continue to be relevant, not only to CCI but other players such as Government agencies.

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The Netherlands - 'Digikringen' (*Digicircles*) / Promoting SME support networks

Description

The Digicircle project funded by the Dutch Ministry of Economic Affairs is providing an 'open platforms for local SME ICT providers' across the Netherlands. The Digicircles are organised and facilitated by Syntens, a non-profit private organisation for the stimulation of innovation in SMEs, also funded by the Ministry of Economic Affairs and part of the Innovation Relay Centres. Syntens has 15 branches around the Netherlands and around 250 consultants. Each branch has a Digicircle.

Membership to a Digicircle is open to all SME ICT service providers who meet the following criteria:

- The main business activity must be ICT.
- There must be a willingness to collaborate.
- SMEs must be their main customers.
- They themselves must be a micro enterprise (number of employees between 3 and 50).

Each member of the Digicircle pays Euro 50 per year in order to access the Digicircle services

As well as funding from the Ministry of Economic Affairs (for 2002-2004 there is a budget of around EUR 1.7m) there is also additional regional funding and hours from Syntens.

Objectives

The objectives of the Digicircles are to:

- Stimulate networking and collaboration among SME ICT service providers.
- Bridging the gap between ICT service providers and SMEs.
- Exchange knowledge and experience about strategic and management issues.
- Exchange knowledge and experience regarding relevant developments in ICT that could be strategically important to the sector.

In terms of targets, all 15 Syntens branches organise a total of 90 large 'network meetings' and 45 'Master classes' (180 workshops) in three years. The 'network meetings' will reach 4,500 to 9,000 ICT service providers in total (2002-2004). The 'Master classes' will reach a total of 450 to 675 SME ICT companies. Targeted membership for each Digicircle is around 50 ICT service providers, ie a total of 750 ICT companies.

Summary of good practice elements

- **Bridging the gap between ICT-providers and their SME customers:** This policy is an example of a policy aimed at SME ICT service providers. The objective of the policy is to bridge the 'gap' between ICT service providers and their SME customers (helping SMEs to help other SMEs). The policy was designed from the practical experience of the Syntens consultants calling in

commercial ICT-companies to help out SMEs in an e-business stimulation project.

- **Using the experience of past programmes and policies:** The policy also stems from the experience of the agency Syntens in executing the Sp.OED Advies project. This project (1998-2001) was aimed at SMEs to assist in identifying opportunities with electronic business. In around 1,600 cases an external commercial ICT service provider was called in for help (in most cases also an SME). From this experience it learnt that ICT service providers have the following characteristics:
 1. They are full of ideas, ambition and knowledge
 2. They have little attention for strategy
 3. They lack knowledge and experience to successfully run a company
 4. There is no large and substantial business network
 5. There is little attention for policy regarding marketing, personnel and/or finance
 6. They experience difficulties in selling their often complex products to SME customers
- **Involving dialogue, partnership and collaboration in order to provide an holistic service to the SMEs:** At the same time, the rapid developments in ICT-technology demand constant flexibility and adaptability from the company. ICT service providers need to spend time on their overall business strategy and management. Also it was observed that many ICT service providers offer specialist (and limited) expertise like EDI solutions, web design or financial software. Consequently, customers' problems are often dealt with from this restricted point of view.
- **Collaborating with experienced business partners:** Digicircles is widening the expertise on offer to customers and promoting the exchange of knowledge and experience.
- **Helping SMEs from the 'supply side' not the 'demand side':** Most projects only assist the 'demand' side (SMEs wanting to do electronic business). This project was designed because Syntens noticed a problem when SMEs want to put their own plans into action and look for help from ICT service providers. Most projects are still aimed at raising awareness, but as soon as awareness turns into concrete plans and implementation a real struggle starts and a 'gap' becomes apparent between the 'demand' and 'supply' side. Helping SMEs to turn their plans into concrete actions means helping the supply side as well by making ICT service providers accessible, and teaching service providers to adapt their services to SME customers and promote collaboration to widen the expertise on offer.

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Promotion of Internet platforms for SMEs

Ireland - Empower initiative / Promotion of Internet platforms for SMEs

Description

Empower.ie is an e-based initiative for small businesses to be delivered by City and County Enterprise Boards on behalf of the Department of Enterprise, Trade and Employment in Ireland. Part of the initiative is providing regional training programmes for SMEs in generic web skills. In addition, all city and county enterprise boards in Ireland are assisting small businesses through a series of grants including technical grants towards the cost of project management, e-business software packages, solutions and security, website development and e-business training grants. Grant assistance may be obtained for small business owner/managers and grants for a number of one to one consultations with experienced consultants offered in the place of business. A training needs analysis may be conducted initially to determine the applicants specific e-business requirements to accelerate the uptake of e-commerce in SMEs

Also as part of the government's Empower initiative there is a general awareness campaign underway in all regions to attract the attention of micro-businesses wanting to go online. Each regional enterprise board was allocated a budget to implement the programme.

The proposal for the initiative represented a combination of (i) addressing the aims of the Irish Information Society Plan and (ii) ongoing contact and discussion with SME clients since the inception of the CEBs, which identified the need for the training, mentoring, networking and technical assistance.

The initiative was managed by the Empower Liaison Committee, based at the Laois County Enterprise Board. The committee was responsible for ongoing evaluation and review during the initiative. A final evaluation was conducted by the Small Business Unit at the University of Limerick.

The Government has allocated a budget of around EUR 5m (IR£3.6m) to the initiative over an 18 month period.

Objectives

The overall Empower initiative comprises three main elements all with specific targets:

1. Empower initiative - a fast track e-commerce programme. The main objectives of the core Empower initiative are:

- To provide e-commerce support to 6,000 businesses by means of direct incentives.
- To raise awareness of e-commerce issues in 50,000 micro-enterprises.
- To provide intensive mentoring and training at various levels to enable 600 businesses to appreciate the implications of the Internet and e-commerce and subsequently to develop an e-commerce strategy.
- To facilitate Internet-based trade networking between 1,000 businesses.

2. The Empower.ie web site - an e-commerce business platform that will provide electronic shop-frontages to 6,000 businesses. The Empower website offers multi-tiered levels of service, with each successive level providing substantially more features and benefits to the e-commerce merchant or customer.

- Level 1: Free on-line listing in the business directory, with free e-mail accounts for all micro-enterprises.
- Level 2: 'Basic Merchant Service' (Business to Consumer [B2C] Sales) where micro-enterprises can put up, free on-line web pages, to create an on-line electronic store that will present product and service information thus providing a secure facility for businesses to sell their products/services from the on-line store directly to the consumers on-line.
- Level 3: 'Advanced Merchant Service' (Business to Business [B2B] Sales). More sophisticated e-commerce tools will allow merchants to create complex pricing structures for their products and services. These pricing structures reflect the real-world business usage of trade accounts to facilitate custom pricing for different categories of customers and sales volumes.

3. The Empower E-learning initiative - a training repository targeted at micro-enterprises. The objective is to provide on-line (Internet-based) training modules focused on e-business and enterprise skill development. The on-line repository provides short learning modules (approximately 5 hours each) which are supported by interactive, media-rich learning activities. The online repository of 17 modules focuses on a variety of areas of training including:

- Online training programmes focused on enterprise skill development and e-business practices.
- An online audit tool that will enable companies to identify the necessary changes to foster successful innovation and growth
- An online assessment tool that will enable companies to assess their e-business readiness.
- Supplementary resource materials.

In addition, interaction between participants and facilitators, and between participants and participants, is encouraged.

Summary of good practice elements

- **A substantial exercise in partnership:** The project represents a substantial exercise in partnership between state funding and County Enterprise Boards (including local authorities and local micro enterprises). Additionally, the policy rationale represented negotiation and agreement between some 35 separate CEBs – each with specific regional needs, albeit with similar remits
- **The provision of a flexible package of services:** The initiative is a flexible package comprising awareness promotion with grants for many purposes (consultant advice, training needs analysis, training, project management, e-business software packages, solutions, security and website development)
- **The provision of multi-tiered levels of service:** The project offers multi-tiered levels of service, with each successive level providing substantially more features and benefits to the e-commerce merchant or customer. This enabled each CEB to tailor their own solutions under the Empower 'brand'
- **Making sure that the benefits of the programme are available to all SMEs through good communication and dissemination:** Empower ensures that a

wide audience of potential clients could be reached through its integrated awareness raising modules

- **Use of a comprehensive evaluation mechanism:** A comprehensive closing evaluation was conducted, and is freely available to interested parties. One outcome was that a 'programmatic' approach was considered more important than integral flexibility. It would allow for reflection on the achievements of the initiative, and for planning whatever support was needed as a result of these achievements.

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France – project Achat-ville / Promotion of Internet platforms for SMEs

Description

The original Achat-Ville project was set up in Grenoble in 1999 after a survey of small retailers and companies showed that these types of companies were having trouble accessing ICTs and using e-commerce. The partners involved in the set up included the local authority, the chamber of commerce and individual companies, including a multimedia company and a bank.

The main problem identified was that small companies can be attracted by the idea of promoting themselves and selling online without any understanding of how to do it without investing heavily, (for example by using an external service provider) and with little understanding of the return on investment.

The idea of Achat-ville was to provide a controlled environment, a ‘learning opportunity’ for businesses in the locality so that they could test tools without immediate trade pressure or major financial risks.

There are now three ‘Achat-Villes’ functioning: Achat-Grenoble; Achat-Lyon and Achat-Saint Marcellin with another three under development, in total reaching out to over 30,000 SMEs.

The programme budget is estimated at around EUR 3m over 3 years, with EUR 1,9m for the chambers of commerce for organisation and service delivery. The region contributes 600,000 Euro over 3 years to cover up to 50% of the expenditure related to the programme design, demonstration, training kits, communication, purchase of online space and the cost of regional infrastructure and human resources.

Objectives

The programme has the following objectives delivered through three levels of support to businesses ie to provide

- a shop window to its local customers, also guiding them in the use of the Internet and ICTs to enhance their business capabilities.
- a tool box for businesses to enable them to devise e-business strategies.
- the use of secure online protected payment facilities for customers and suppliers.

This all round service to businesses in a controlled environment also provides the added advantage of being a one stop shop for customers to find local businesses, making it an attractive way to participate in the e-Marketplace. The impact of the programme is being assessed through a regional observatory to evaluate the behaviours of companies when using the Internet.

The targets set by Achat-Ville are that, within 3 years, 60,000 companies in the commerce and services sectors should be using the service, including 30,000 in Rhône-Alpes area.

Summary of good practice elements

- **The ability of the programme design to adapt to new local, regional and national settings:** Achat-ville is a local instrument which has been extended to cover the region and is now being proposed as a national programme. Achat-ville was implemented in Grenoble in 1999 after a survey of small retailers and companies showed that these companies were having trouble accessing ICTs. The success and relevance of this mode of support to small companies led to the Regional chamber of commerce rolling out Achat-ville to the principal cities of the Rhone-Alpes area.
- **The design of the local instrument to allow for transferability:** The way the original local instrument was designed meant that implementation at the regional level could be accomplished in a relatively smooth fashion. There was a very detailed implementation of the policy to the region. A good practice guide has been put together by the chamber of commerce and industry of Grenoble which allows for fast modelling of the policy and makes it easy to transfer. A knock-on effect of the comprehensive plan is that it made it easier to convince the technical, operational and financial partners to work on Achat-Ville with the regional council which provides 50% of the funding.
- **The formal involvement of the programme with local stakeholders and partners on an on-going basis:** As well as clearly identified local stakeholders and partners a representative of Achat-ville is appointed in each chamber of commerce and industry. They are given the task of implementing the concept, carrying out the diagnoses, training and providing followup support to companies by helping them to overcome difficulties encountered.
- **The use of public-private partnerships:** Achat-ville is using a public-private-partnership and engages the support of the local press in encouraging SMEs to use the programme.
- **Access for all:** An innovative element of the policy is that it gives a chance to all SMEs from a region, whatever their initial capabilities, the opportunity to do business online, to advertise and to develop their relationships with their customers using a step-by-step approach to full e-commerce. Furthermore, though originally SME in specific sectors were targeted, Achat-Ville has been visionary in realising that to have a real economic impact on a region it is not enough to help some companies to be familiar with the Internet. It is important to implement actions which take account of all commercial activity within a city and how it interacts, thus tapping into existing networks and knowledge as well as creating ways and means for new SMEs to engage in the region's success.

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Spain – ARTEPYMEII / Promotion of Internet platforms for SMEs

Description

The ARTEPYME II programme was set up by the Spanish Ministry for Science and Technology. The programme is part of the ERDF Operational Programme (2000-2006) "Information Society", within the Ministry's 'InfoXXI' Action Plan (www.infoxxi.es). The programme is exclusively designed for SMEs and provides seed corn capital through projects so that companies can implement advanced telecommunication services ('SAT') and e-commerce services. ARTEPYME hopes that, by providing initial funding, SMEs within Objective 1 regions will be given the boost they need in order to fully engage with the Information Society.

ARTEPYME is designed to take into consideration the wider needs of the region and SMEs do not work in isolation but interact along the supply chain and with customers. It is therefore important that the technologies are integrated into the region in a sustainable way. The programme is doing this through targeting (non-profit making) public and private sector intermediary organisations that use advanced telecommunication systems and e-commerce applications. The programme funds innovative projects in these fields and the intermediaries act as multipliers in the region and role out the systems and services to the SMEs.

ARTEPYME I (1994-1999) had a budget of around EUR 73.7m and its evaluation proved it to have had a positive impact on over 30,000 SMEs. In its second phase, ARTEPYME II, it has a budget of around EUR 55m for the period 2001-2003.

Objectives

The objectives of ARTEPYME II are:

- To help SMEs in Objective 1 regions remain competitive by introducing them to ICTs with an emphasis on e-commerce and advanced telecommunications.
- To address the common needs of different types of SMEs industries, allowing the creation of an environment that nurtures the development of new systems and services using advanced telecommunications.
- To help SMEs implementing similar products and services across different industries using advanced telecommunication services.

These objectives are achieved through the main action lines of ARTEPYME II:

- A viability and SME needs assessment: Including analysis, economic study and technical advice which allows SMEs to understand their opportunities and to implement advanced telecommunication systems (SAT).
- Pilot studies: Short-term pilot studies will be implemented as part of ARTEPYME which explore the degree of technical and economic viability to implement e-commerce tools for SMEs within different sectors.
- SAT implementation: Through SAT centres, the project will address SMEs needs to acquire and develop skills, applications, programmes and provide access to telematic products and communication equipment.
- SAT promotion: The promotion of ARTEPYME will take place through a number of case studies that show the advantages and positive use of these systems in order to increase the knowledge and interest in technologies. This measure also includes direct actions with participants through conferences, seminars, and publications.

ARTEPYME II currently aims to double the outcome of the first programme and have a positive effect on over 60,000 SMEs who are implementing e-commerce solutions.

Summary of good practice elements

- **Involving intermediary organisations with an interest in encouraging SMEs to use new technologies:** These intermediaries (industry associations or economic interest groups) are more likely to create a positive effect as they have a better understanding of the tools and practices that will work in an SME environment. These projects have also helped form vertical networks through which an exchange of practical experiences and knowledge gained in different industries is boosted. At the same time, synergies and common efforts are being shared through industry association clusters, gaining a multiplying effect on ICT implementation. This is particularly positive for Objective 1 zones, where economic and knowledge resources are scarce. All these points are covered and addressed within the ARTEPYME II plan. The programme also gave impetus to the validity of the views of business associations and other institutions in identifying common needs in SME industries.
- **The involvement of organisations with a stake in the supply chain:** The collaboration between Enterprise Institutions and other industry associations in order to identify needs and propose sector and vertical projects meant that the SMEs immediately became involved in real time, professional e-commerce implementation through the projects which were funded.
- **Exploiting new synergies and interactions to create a multiplier effect:** An extra effect of the use of intermediary organisations has been the creation of completely new synergies and interactions both between intermediaries and SMEs themselves. There have been examples of one SME introducing another ten to an application through its involvement in a project. This is often done through the new SMEs assessing how the SME that is directly involved in the project has benefited its business (validation phase).
- **Understanding the needs of Objective 1 areas and using appropriate intervention:** ARTEPYME II provides an added boost needed by SMEs in objective 1 areas. Spanish SMEs lag behind in the uptake of new technologies, particularly in Objective 1 regions. This initiative is providing the seed corn capital needed in order to get these SMEs started on the road to e-business.
- **Using knowledge acquired during previous programme implementation:** ARTEPYME II benefits from the experience and evaluation of ARTEPYME I. This policy has several effective mechanisms, which have led to the development of regional information portals and the provision of effective consultancy and case studies for SMEs.
- **A strong communication strategy:** This is considered possible as the initial programme left in place good mechanisms for dissemination and encouraged involvement so it is valid to set the sights higher and aim to involve 60,000 SMEs
- **The provision of customised support:** The customised and personal support provided by ARTEPYME consultancy unit, which, among other things, assesses the viability of projects.

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UK – Local Shops On Line / Promotion of Internet platforms for SMEs

Description

There has been an increasing awareness of the business pressures felt by independent retailers and local producers due, in part, to the massive market share gains by the large supermarket chains in the UK. This contrasts with the value to local communities that small local shops provide: both in employment and service to the community.

Local Shops On Line was designed to offer assistance to these struggling businesses by providing them with the necessary support, training and equipment to use the Internet to facilitate communication with customers and suppliers. It has been recognised that SMEs have the dual disadvantage of limited resource in time and finance – therefore any assistance would need to take these into account.

The project provides the following services to local shops:

- “Membership” web site development to act as a directory and a focal point of business assistance.
- Ensuring availability of PCs, modems etc. (not funded by Local Partnership Fund).
- Defining ordering procedures.
- Producing marketing and demonstration material (including on a multilingual basis e.g. Gujarati, Urdu, Punjabi, Italian, Turkish, etc).
- Devising a “starter kit” to provide SMEs with detailed processes/systems to enable them to capitalise on e-commerce opportunities.
- Arranging discount pricing for Internet orders from suppliers.
- Arranging training seminars.
- Organising hardware distribution.
- Devising an individual e-commerce implementation plan for each participating SME.
- On site advice, support and training, drawing on the issues identified in the “starter kit”.
- Producing point of sales materials.
- Providing ongoing support.
- Providing on line (multilingual) help desk.
- Encouraging content expansion with suppliers.

The overall budget for this project is around EUR 480,000 - of which 50% is matched funding based on input from the partner business links in the south east and EUR 160 (£100) per participating SME (calculated at 4 hours @ £25 per hour).

Objectives

The objectives of the Local Shops On Line are:

- To build a total supply chain structure in the UK South East Region’s independent retail sector (local shops).
- To improve the competitiveness of individual SMEs in the independent retail sector in Surrey by:
 1. enabling them to compete more effectively within an overall regional and national supply chain strategy
 2. building their e-commerce capability performance/profitability

The target for local shops online is to enable eight hundred SMEs in the South East Region to be actively using the Internet for business purposes by the end of the project in March 2003.

Summary of good practice elements

The Local Shops On Line initiative is an exceptional example of a regional policy to help a specific SME sector struggling against significant business pressures. The following aspects of the policy design, delivery and implementation have helped to ensure its success.

- **The consultation process:** The project built on a thorough survey of village shops conducted by Surrey County Council and by direct involvement with discussions with members of the Surrey Association of Village Shops.
- **An effective rationale:** The policy rationale is documented in the project proposal submitted to the Local Partnership Fund (LPF) management team during the decision process undertaken to identify worthwhile initiatives. LPF is part of the UK online for Business campaign funded by the Small Business Service section of the Department of Trade and Industry.
- **Clearly defined and measurable targets:** Targets were clearly set in the project proposal – 800 participants by March 2003. The definition of participation is having become a member and having used the web site to interact with other members or for business advice.
- **A comprehensive project plan and communication strategy:** A thorough plan has been in place since the outset of the initiative and is complete with a project team of specialists in the retail sector. Information about the policy is also widely available through the lead Business Link or from the UK Online For Business extranet.
- **Involving expert knowledge directly in the programme delivery:** A project coordinator with direct retail experience who is chairman of a local traders association has been appointed to run the initiative. There has been close cooperation with other business assistance agencies.
- **Creating a flexible policy that can respond to user needs:** The project has changed from the original concept due to the recognition that intermediaries were to prove to be the best route to the target SMEs, and the anticipated participation by larger wholesale companies was not to be forthcoming.
- **Regular evaluation and feedback in built into the programme:** Regular review meetings are scheduled with the partners - There is a higher level review quarterly by the Local Partnership Fund (LPF) Project Management Team, in which all LPF projects are examined. The project coordinator has also been tasked with producing review reports at the end of the pilot (available) and three months prior to the end in March 2003 to identify key issues and potential to continue following the end of funding on the completion date.
- **Potential for replication** - This policy has many interesting aspects and has attracted interest from other Business Links throughout the UK as being an effective and appropriate method of offering the incentive and necessary mechanism to engage with the target SMEs and provide valuable assistance to an important sector that is clearly under pressure to survive.

- **Achieves social and community objectives, including social inclusion** - The project is able to provide Internet access to communities located in disadvantaged /rural areas. In particular the marketing and demonstration material which provides information on the Internet and e-commerce is available on a multilingual basis including Gujarati, Urdu, Punjabi, Italian and Turkish to reflect the needs of local shops owners in the region. The helpdesk facility is also multilingual.

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Denmark - Rakat in Roskilde Amt and BizIsland initiatives / Promotion of Internet platforms for SMEs

Description

The regional municipalities in Denmark are major purchasers of goods and services. Efficient procurement systems can save significant amounts of money and at the same time help to raise the general level of IT and e-business awareness among SMEs at the regional level. In order to promote e-commerce in the marketplace, a number of municipalities in Denmark have come together to create an Internet portal where SMEs can place information on products, special prices, logistics and terms of trade. The system is called RAKAT and for many suppliers this is their first experience of e-commerce. This is accessible via a regional portal, which connects SMEs to customers.

RAKAT is implemented by a private company, Comcare. It provides a comprehensive service with support mechanisms in place for users of the system. All the municipalities have to pay a fee directly to Comcare for using their system.

From the beginning both the counties, municipalities and Comcare, were in touch with the suppliers – including both small local ones and national suppliers. It became clear that the suppliers needed help in delivering data for e-business systems like RAKAT. Therefore, in addition to RAKAT, Comcare has recently developed the Bizisland initiative, which is running from the 1st of May 2002. This is an service where suppliers who have an agreement with a county or municipality can get their data validated. Also, Comcare have taken the initiative of inviting interested suppliers for a "ERFA BizIsland" meeting.

The budget for the programme has come from a variety of sources. Around EUR 27,000 was given to the project by 'Det Kommunale Momsfond', a union of 273 municipalities of Denmark. This money contributed towards the development costs of RAKAT. The ten municipalities who first showed interest in RAKAT each invested EUR 1,345 for the development of RAKAT, and The Ministry of Science, Technology and Innovation gave around EUR 40,350 towards the programme.

Objectives

The objectives set by the programme are:

- To promote e-commerce in the marketplace
- To encourage the use of e-business in public organisations
- To encourage trade between the decentralised public buyers and suppliers
- To get as many counties and customers involved as possible in trading through RAKAT.
- To encourage SMEs to make plans and policies for e-commerce and to invest in new ways of trading on-line

Currently 32 counties use the system but many of them only use it to understand the types of agreements that are in use and to gain experience of some of the issues associated with trust.

Summary of good practice elements

- **Creating a common entry point for regional access to e-procurement markets:** Efficient procurement systems can save significant amounts of money and at the same time help to raise the general level of IT and e-business awareness among SMEs at the regional level. The initiative includes elements of good practice in the sense, that it is aimed at making better use of the public procurement volume, increase transparency in the market, enhance Danish e-commerce in the private sector at the regional level and create a common solution for public e-procurement based on catalogue purchasing.
- **The use of independent expertise in running the programme:** Rakat is implemented by an independent company with an understanding of the needs of SMEs
- **The use of continuous dialogue between the users and the service providers:** In addition to providing the online service, Rakat's external management company, Comcare, hosts the "ERFA Bizisland gruppe" where it invites suppliers to a meeting every half year. The purpose is to listen to the supplier's demands on the system, and also to help them get started with e-business. For example, recently, Comcare has introduced oag xml at the request of the suppliers. This solution makes it possible for the suppliers to organise data in a similar way in different e-business systems. In this respects there are no other initiatives like BizIsland and ERFA BizIsland in Denmark.
- **The communication and flexibility of the policy:** When new tools are implemented, particularly in the area of e-business solutions, it is impossible for the designer or the user of such a system to fully comprehend its eventual use. Not only do needs change, functionality and technology change and all these areas of development must be able to adapt to new markets and service in order to be sustainable.

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