6. ICT Up-Take

6.1 ICT innovation vouchers – SMEs getting digital

**Why should regions invest in ICT innovation voucher schemes?**

ICT Innovation Vouchers are implemented by EU regions to improve the competitiveness and stimulate growth of microenterprises and SMEs by developing new products, processes and businesses. In addition innovation vouchers can boost demand for a large range of innovative ICT-related services – notably e-commerce including cross-border online sales – and thus contribute to reaching the Digital Agenda for Europe’s priorities.

The digital revolution has not yet given its full potential for innovation and growth for microenterprises and SMEs. Promoting ICT uptake as an innovative business solution for SMEs is a key factor for success: software and intangibles such as training in IT competencies – combined with adequate investment in hardware and high-speed connectivity is often essential to boost results and sustain the business of microenterprises and SMEs.

The analysis of existing voucher schemes across the EU – not necessarily ICT-related – confirms that it is a delivery mechanism that is particularly efficient for reaching out to microenterprises and SMEs in a streamlined manner.

**Barriers and challenges**

The ICT Innovation Voucher Scheme represents a strategic tool for regional authorities within a larger offer of innovation support services for microenterprises and SMEs. ICT uptake and use is one of the most important drivers that enable start-ups and SMEs to achieve high growth and create jobs. Several studies provide supporting evidence, in particular for SMEs that establish an active presence on the web. It is also a way of improving cross-sector economic interactions and innovative solutions for SMEs in order to modernise and make local and regional economic landscape competitive.

ICT enables SMEs to increase competitiveness and reach global markets. A recent study showed that 81% of the smaller commercial firms selling on the eBay platform export to at least five foreign countries. This would be impossible for a non-digitalised SME. The importance of using new ICT technologies for enhancing business or ‘soft’ processes for productivity increase and for raising growth of companies in general is well recognised.

However, European companies are making, on average, slow progress in adopting ICT. This is especially true for SMEs compared to larger companies. The gap between SMEs and large enterprises is bigger when it comes to using more advanced ICT applications. Whereas broadband connectivity and having a website are becoming standard practice, e-commerce and the adoption of more sophisticated ICT tools for internal processes are less frequently used in SMEs.

It should be noted there is no “one-size-fit-all” for innovation voucher schemes. Different modalities should be used according to the specific needs of the region such as ICT potential and intensity, the capacity to manage implementation, previous experience in supporting such measures or the need for improvement in ICT-uptake.

**How to act?**

Policy makers should start a process of analysing their particular situation, developing a vision, identifying competitive advantage, setting strategic priorities and making use of smart policies to maximise the knowledge-based development potential of any region, strong or weak, high-tech or low-tech. In this framework ICT innovation vouchers can be developed.

For the managing authority of a Member State or a region wishing to set up an ICT innovation vouchers scheme, the implementing process would then be the following:

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1. Define in the operational programme an ICT innovation vouchers scheme

Smart specialisation can entail that each region analyses its ICT needs and opportunities for their regional development and growth as well as for research and innovation. Among the types of actions to be supported and expected to be included in the related Operational Programmes, an ICT innovation vouchers scheme can be developed. The operational programme shall set out clear intervention logic behind the use of vouchers, similar to other types of foreseeable action.

The decision to use vouchers should be taken as part of a broader strategy to support ICT uptake and innovation in a regional economy. The impact of such a scheme will need to be assessed. An ICT innovation vouchers scheme should only be considered if it targets innovative solutions and does not subsidise trivial or non-sustainable activities. It has to fit real ICT needs and potentials of local entrepreneurs.

Experience shows that the introduction of a voucher scheme makes more sense if it is combined with other existing or new policies or instruments supporting ICT and/or entrepreneurship and/or innovation: for instance entrepreneurship mentoring, coaching, networking, etc. Ways should be sought to integrate both aspects in a scheme.

2. Identify an implementing body for the ICT innovation vouchers scheme

The identification of the body that will implement a vouchers scheme is crucial. This task is often taken on by the local/regional business development or innovation agency. Its network and capacity is essential to translate and match demand for ICT solutions from SMEs with innovative solutions offered by ICT providers. The implementation body must be independent from the market service providers. In the context of the ESIF, this can be the managing authority of the respective programme or an intermediate body designated by the Member State to whom implementation tasks of the managing authority are delegated, such as banks, associations or a public private partnership.

Implementing body will focus on matching demand and offer of services – delivering added value in terms of determining the needs on the demand side – and checking customer satisfaction and quality of the service delivered.

Commitment of the relevant regional authorities through promotional support activities also helps greatly in publicising the scheme and boosting local ownership. According to the available amount of funding, the promotional strategy to make a vouchers scheme known usually includes PR campaigns, use of existing networks and institutions (e.g. chambers of commerce), websites and social networks, email campaigns and awareness raising events.

3. Tailor the ICT voucher scheme to the regional implementation

According to the capacities of the implementing body and the economic reality of the region, as well as the potential impact expected by the regional policy makers, the implementing body will develop and implement the process to obtain and redeem ICT vouchers. The implementing body will also foresee a monitoring mechanism in order to measure the performance of the scheme in the short-, medium- and longer-terms. Further details and guidelines on how an ICT innovation vouchers scheme could work are described below. Different perspectives are presented in order for regions to decide how they would like to further adapt a scheme to their reality or simply refine certain conditions in order to focus on a specific desired impact. The key goal – beyond any tailor-made solutions – is to keep the scheme ‘fast and light’ for the applicants.

ICT innovation voucher pilot regions - ICT innovation vouchers are piloted in the Spanish regions of Extremadura and Murcia. SMEs in these regions will be one of the first in Europe to benefit from this opportunity which is due to roll out across Europe in 2014.

Further reading & forthcoming events

http://s3platform.jrc.ec.europa.eu/innovation-voucher

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148 Business advisory services can be delivered via voucher schemes, but these will normally amount to less than 10,000 EUR and require substantial own contributions from the recipient firms and vary substantially in their content and conditions, depending on the needs and potentials in the region. Such services have to be technology neutral, i.e. allow a cost-benefit comparison of different IT solutions. They should also be responsive to the needs of SMEs, i.e. provide advice in a wider business development perspective that might require changes in the business model, repositioning in the value-chain, training of staff in terms of innovation process management or entrepreneurial skills, transfer of technologies other than ICT, legal advice for cross-border e-commerce activities etc. Vouchers (or ordinary grants) cannot be used for merely subsidising the cost of subscription to a cloud computing service (these are running costs and are thus not eligible for ERDF support). The advisory services must not favour specific cloud computing service providers. If, for example, an SME project uses cloud computing services to increase its competitiveness, the costs for cloud subscriptions are eligible for ESIF as part of the overheads.