

SMEUnited position paper on the Commission's consultation on the "2030 Digital Compass"

Introduction

SMEUnited welcomes the opportunity to comment on the Commission's consultation on the "2030 Digital Compass". Digital transformation is a key enabling factor for SMEs in order to overcome the current crisis and to grow in the Single Market and beyond.

As outlined in our "[Comments](#) on the Roadmap for the Communication on a Europe's digital decade: 2030 digital targets", we support the idea of setting digital targets and a system to monitor the progress towards the objectives of the Digital Decade as long as a stronger emphasis on the digital transformation of SMEs is provided.

Any solid European way towards digital transformation should consider more carefully the specificities of a highly diversified SME community, that is mainly composed of micro-businesses, which existence and resilience is crucial for a good quality of life in urban and rural areas.

Among the parameters to be used to address digital specific targets and actions, specific indicators should be included and constantly monitored in order to measure the impacts of digital evolution on those business operators, often micro, operating in urban and rural areas.

It is necessary to have an adequate training and reskilling of the human capital to fully benefit from the digital transformation, also considering that, due to their dimension, many businesses will need accompanying measures to fully use digital technologies.

1. Accelerating the Digital Transformation

The COVID-19 pandemic has demonstrated a need to accelerate the pace of digital transformation in Europe. It highlighted a need for a substantial increase of investments through all relevant EU funds and national spending to develop critical technologies.

Achieving digital sovereignty by building European technological capacities is crucial for strengthening the EU's resilience.

We notice a digital divide between those businesses already able to leverage the full potential of the digital environment and those not yet fully digitalised.

As already emphasised by the Commission, the development of the following aspects is necessary for accelerating EU's digital transformation:

- Digital transformation of businesses
- Digitalisation of public services
- A digitally skilled population and highly skilled digital professionals
- Secure, performant and sustainable digital infrastructures.

2. Reaching the 2030 Targets

2.1 Digital transformation of businesses

The digital transformation of businesses is an essential element to have a successful digital transition in Europe.

SMEs face a number of challenges to take up new technology, such as the lack of time and resources. In addition there is a limited focus on the specificities and characteristics of SMEs and especially retail companies by both the research world and venture capital, as well as companies that develop digital solutions. It is necessary to promote a more significant focus among the academic world, researchers, venture capital, and first of all among all companies that develop digital solutions, on the specificities and characteristics of retail companies operating in urban centres, to experiment and promote new digital services and strategies able to enhance what already exists. Among the parameters to be used to address digital objectives and actions, and to evaluate their effectiveness, specific indicators considering the impact of digital on businesses, that are often very small, operating in the urban entrepreneurial environment should be taken into account.

Also the inability to assess digital needs/gaps and to choose the correct solutions is a major concern. SMEUnited believes there is a need to foster the digital skills base and the experimentation opportunities for SMEs. One of the major obstacles to SMEs' digitalisation, according to our surveys, is indeed their limited ability (1) to recognise their digital needs and (2) to make the right investments in digital solutions to match those needs. More needs to be done to raise awareness towards SMEs, to provide them with neutral and objective information in order to allow them to make the right investment choices.

Therefore, Member states and the European Commission should facilitate and create the conditions necessary for micro, small and medium enterprises to contribute to the 2030 targets and to grow their business in the Single Market.

The stimulation of private investment, coupled with an increase of public investment will both be necessary in order to increase SME's digital transformation. We also believe that more public-private cooperation will be relevant to achieve the objectives of digital transition.

SMEs in particular are in need of accessible upskilling and reskilling opportunities, preferably in the form of on-the-job training. This includes testing and experimentation opportunities together with a stronger offering of counselling services to support SMEs to adopt the relevant digital tools and services.

The EU can set common targets and monitor them, but it should also do more to stimulate the digital transformation of SMEs through its funding schemes (e.g. Digital Europe Programme). The EC, along with SME organisations, should monitor Next Generation EU (NGEU) allocation to ensure that SMEs become the main beneficiaries of digitalisation support funds, in line with their GDP and employment contribution. Member States need to implement the EU funding opportunities effectively, focusing on the needs of SMEs. They should also create stronger local and regional service networks for aiding SMEs to test, acquire and deploy new technologies. It is also crucial that Member States ensure that SMEs have enough digitally savvy workers and entrepreneurs and opportunities to update their digital skills when needed.

EDIHs can play a significant role in setting up local, regional and international service networks for SMEs to advance their digital transformation. These networks should include not only EDIHs but also other service providers, both public and private. For EDIHs and their counterparts to be successful they need to have strong connections to SMEs and their communities. This can only be achieved through the regional and national business associations and other SME representative bodies.

2.2 Digitalisation of public services

Digitalisation of public services will also be important to enable easy access to e-procedures (e.g.: national digital identity schemes). By digitising themselves, through 'e-government' initiatives, and by reducing red tape and regulatory burdens for SMEs, public authorities should create a more accessible digital environment for entrepreneurs. It is imperative that the European Digital Identity framework supports and complements national schemes already in place. It should also ensure that the national IDs and identification tools, such as ID wallets, are interoperable within the EU.

Member States need to decrease the administrative burden on SMEs created by outdated public services. It is important to make a shift towards a customer-centered approach. This requires establishing AI-powered systems that recognise SMEs' needs. It also requires that data is readily available through APIs and upon customer's consent. The once-only principle has to be fully implemented in all layers of the public and semi-public administrations.

2.3 Secure and performant sustainable digital infrastructures

To achieve secure and performant sustainable digital infrastructures, the connectivity gap between urban and rural areas should be overcome. A mix of public and private investments will be necessary to achieve a secure infrastructure. Public and private cooperation will also need to be stimulated.

2.4 A digitally skilled population and highly skilled digital professionals

Finally, to achieve a digitally skilled population and highly skilled digital professionals, it is crucial to improve the offering and quality of reskilling opportunities, especially on-the-job training. More public investment is needed in this regard.

The EU's should set common targets and monitor the progress towards them together with Member States, while sharing best practices and fostering funding opportunities. Member States should ensure an adequate level of funding for digital training throughout education system and people's life cycle and stimulate companies and individuals to invest more in on-the-job upskilling and reskilling.

3. Building a New Governance Framework

A robust governance framework for the EU's digital transformation will stimulate cooperation between Member States. It will also send a clear signal to market actors to incentivise private investments.

A comprehensive monitoring system will be essential to measuring the progress of the EU against the 2030 targets and to assessing areas with insufficient development at the level of Member States (e.g., due to insufficient investment and/or regulatory action). It will also be relevant to following digitalisation trends at the level of EU and Member States.

The monitoring system, especially if tied to the European Semester, can add value to Member States' digitalisation efforts and their execution and policy guidance.

The Commission's focus/scope of the reporting activity will be very relevant, as well as monitoring progress towards the 2030 targets on EU level. To be effective, the Commission needs to assess the general state of compliance with digital policies and should identify deviations from the 2030 targets and digital principles at national level. Follow up is necessary, by proposing recommended actions including joint commitments to be discussed with Member States and the European Parliament.

To have Member States commit to the digital targets, it is important to integrate the monitoring of the targets with the European Semester that already functions as a uniform tool to inform and counsel Member States on relevant policy issues and places for improvement. It should also be assessed whether a reward system, possibly tied to an EU funding scheme, would encourage Member States to push harder in their digital transformation efforts.

Finally, the involvement of SME representative associations will be crucial for the well-functioning of the Commission's stakeholder forum to support the implementation of the Digital Compass. To achieve this we ask for the enhancement of the role of the SME representative organisations and practical ways to boost their capacity to provide relevant services to their members.

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