



EUROCHAMBRES POSITION ON DIGITALISATION OF SMES

Position on the Digitalisation of SMEs

The digital transformation is not merely an option; it has become an imperative for SMEs seeking to thrive in a rapidly evolving business environment. It plays a crucial role in the growth, sustainability, and overall success of SMEs and acts as a driving force for economic well-being.

The relevance of this topic stems from the transformative potential digitalisation holds. In this digital age, the agility, adaptability, and innovation enabled by digitalisation are fundamental to a company's ability to remain competitive and relevant. Digitalisation is not limited to certain industries; it transcends sectors, impacting businesses across the board.

By addressing the relevance of the digitalisation of SMEs, Eurochambres stresses the urgency and the vast potential benefits that embracing digital technologies can offer.

1. Executive summary

While significant advancements have been achieved during the previous legislative period in Europe's digital transition, it remains evident that substantial work lies ahead to enhance the digital transformation of SMEs and achieve global digital leadership. The EU must demonstrate that its regulatory framework fosters a fertile ground for testing, launching, and scaling innovative products and services across the single market. It is paramount to provide an enabling environment in which SMEs can thrive in the digital domain and capitalise on digital opportunities. With regard to the forthcoming EU legislative term 2024-2029, Eurochambres is advocating for:

- Achieving the Digital Decade targets
- Enhancing digital competitiveness by mitigating overregulation, minimising bureaucratic hurdles, establishing regulatory sandboxes, investing in applied research, eliminating barriers within the Single Market, strengthening data protection and establishing EU data spaces
- Prioritizing fair competition and maximizing the impact of financial resources allocated for the digital transition
- Strengthening digital skills and literacy, prioritising awareness and mitigating skills shortages

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2. Why the digitalisation of SMEs is relevant

The digitalisation of SMEs in the EU is imperative in today's dynamic business landscape, where global connectivity and rapid technological advancements are reshaping the way we live, work, and navigate business. By embracing digital tools and platforms, SMEs can transcend geographical boundaries, tap into new markets, and remain competitive and relevant on the international scale. Furthermore, digitalisation streamlines operations, enhances efficiency, and empowers SMEs to adapt to changing consumer behaviours, thereby fostering their agility and responsiveness.

Europe must advance digital technologies not only to maintain competitiveness but also to effectively address recurring crises such as the COVID-19 pandemic, climate change, and geopolitical turbulence. SMEs equipped with digital capabilities are better positioned to navigate disruptions and sustain operations amidst crises. Beyond resilience, digitalisation fuels innovation, driving sustainable growth and unlocking new opportunities for entrepreneurship and job creation. As Europe endeavours to solidify its position as a global digital leader, investing in digital infrastructure, skills development, and supportive policies for SMEs becomes paramount. By nurturing a thriving ecosystem of digitally-enabled SMEs, Europe can not only bolster its economic competitiveness but also pave the way for a more inclusive and sustainable future, characterized by prosperity, innovation, and resilience.

Digital platforms will continue to be central infrastructures and marketplaces of the digital economy in the future. The World Economic Forum (WEF) estimates that up to 70% of newly created value will be generated via digital platforms by 2030. At the EU level, it is therefore essential to ensure a level playing field to keep SMEs, in particular, competitive. Initiatives such as the Digital Market Act and the Digital Services Act, both of which came into force in 2024, are crucial to hold big players more accountable and create more transparency.

3. Workforce needs and challenges

The need for the digitalisation of SMEs is high. While most European SMEs have basic digital tools in place, the use of more advanced digital technologies tends to be rare. This is particularly due to a lack of sufficient awareness raising and challenges accompanying the digitalisation process. Addressing the workforce needs and challenges involves a dual approach, distinguishing between ICT experts and end-user competencies. To completely embrace the shift towards digital transformation, SMEs have to overcome the challenges. The most pressing ones are:

- **Cost of implementation** (SMEs might struggle with the initial investment required for software, hardware, and training)
- **Lack of Resources** (limited manpower and/ or expertise)
- **Security concerns** (SMEs might not have robust cybersecurity measures in place, making them more vulnerable to data breaches and cyber-attacks)
- **Digital skills gap** (SMEs might lack the necessary digital skills to effectively use new technologies. Training existing staff or hiring new talent can be time-consuming and costly)
- **Compliance and regulation** (keeping up with evolving digital regulations, compliance standards, and administrative burden can be challenging for SMEs)

It has become clear that SMEs feel that not enough funding and training opportunities are available, despite unprecedented funding available for digital skills and upskilling/reskilling, including the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DIGITAL), the Connecting Europe Facility, Horizon Europe or InvestEU. Furthermore, lengthy and burdensome application procedures often act as barriers, hindering the access of SMEs to finance. There is growing concern that EU firms in non-digital sectors lag behind the adoption of digital technologies, especially in the services sector, so access to finance must be readily available to companies wishing to invest in digital infrastructure to avoid them losing out in sectors where they may be currently leading.

4. Targets & priorities at EU level

To address the digital transformation, ambitious targets have been set under the Digital Compass, with objectives of 80% adults with at least basic digital skills and 20 million ICT specialists (+increase the participation of women in the ICT sector) to be trained by 2030.

Those objectives are guided by the EU digital decade policy programme, outlining concrete targets and objectives for the digital transformation in Europe aimed to be achieved by 2030:

1. A digitally skilled population and highly skilled digital professionals
2. Secure and sustainable digital infrastructures
3. Digital transformation of businesses
4. Digitalisation of public services

Eurochambres welcomed the Digital Decade policy programme when it was first published in December 2022 and supports the structured and close cooperation between the EU and member states in order to boost European digital capacities and capabilities around the four cardinal points. Policymakers need to strategically allocate funds to maximise their impact, with a focus on accessibility, and delivering on the promise to create an ecosystem of excellence and business agility within the EU.

Eurochambres advocates to achieve the Digital Decade targets by:

- Securing/ increasing budgets for digitalization (e.g. continuation “Digital Europe” and funding for European Digital Innovation Hubs)
- Ensuring ongoing tracking of National roadmaps and derive measures
- Improving and enhancing digital infrastructure (Super- and quantum computing, GAIA-X as data ecosystem)

Meeting the Digital Decade targets will be instrumental in driving future innovation forward.

5. The role of the chambers of commerce and industry in the digitalisation of SMEs

Chambers of commerce and industry play a vital role in the digitalisation of SMEs by offering a range of support services to businesses. The table below provides illustrative examples of the impactful work undertaken by members of the chamber network:

Eurochambres – the association of European chambers of commerce and industry - represents approximately 20 million businesses in over 40 countries and via a European network of 1700 regional and local chambers. Chambers’ member businesses employ over 120 million people.

Bulgarian Chamber of Commerce and Industry	<p>Projects implemented by BCCI:</p> <ul style="list-style-type: none"> - SKILLS+ (Supporting knowledge capacity in ICT among SMEs to engage in growth and innovation) - RemoteNET (European Digital Skills Hub for Remote Workers) - Project “Digital SMEs” (National research on Bulgarian SMEs’ digitalisation readiness) - Project “Go DIGITAL” (Empowering employees from selected professions/ positions in 16 targeted sectors/ subsectors with digital skills)
<p>CCI France</p> <p>CCI Bourgogne Franche-Comté</p>	<p>CCI France's digital advisors raise awareness, inform and support companies on the aspect of digital transition or transformation. Their approach mainly aims to make companies aware of current strategic and digital issues and to meet their performance objectives. Their aim is to help each business manager find and deploy the best solutions that correspond to their real needs, their business model, the financial and human resources of the company, and to enable them to look ahead 2 or 3 years. Their strength lies essentially in the neutrality of advice and in the overall vision of each organization. They are also currently undertaking support measures regarding cybersecurity.</p> <p>Some key figures: 200.000 companies made aware every year and 15.000 supported companies.</p> <p>Member of DEDIHCATED BFC (EDIH)</p> <p>Services provided:</p> <ul style="list-style-type: none"> - Awareness raising on digital emerging technologies, AI, etc. (thematic workshops, demonstrators like on e-commerce, and others) - A digital maturity assessment and improvement tool (Digipilote) - A specific service package on cybersecurity -
Czech Chamber of Commerce	<p>Services provided:</p> <ul style="list-style-type: none"> - Legal Electronic System (provides entrepreneurs with a comprehensive overview of their legal obligations to the government, tailored to their business parameters (industry, legal structure, size, and employee count). All online and conveniently accessible in one place.) - TO-MÁŠ platform (comprehensive portal offering a wide array of (particularly digital) services and tools for entrepreneurs. These include an overview of ICT solutions and providers, an intelligent grants search engine, online business consultancy platform, credit rating assessment, telemedicine, and much more. Its objective is to bolster Czech businesses in their digital transformation journey, enhancing their competitiveness.) - Poradna pro podnikatele (web-based consultancy platform for entrepreneurs. Through this platform, the Chamber receives inquiries and feedback from entrepreneurs, directing them to specific experts within the Chamber or external partners for general advisory and information services. Initially launched as an extraordinary, temporary service at the onset of the COVID-19 pandemic in 2020, it has since proven successful and continues to

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	operate in a modified format. The service has been accessed by more than 7,000 entrepreneurs.)
Luxembourg Chamber of Commerce	<p>The Luxembourg Chamber of Commerce, via its House of Entrepreneurship, helps companies define a digital strategy, through the SME Digital Package as well, provided by the Ministry of Economy. It then guides them through the implementation process and evaluates their progress.</p> <p>Workshops are held on many topics (Digital marketing, digital management systems, electronic invoicing, Artificial Intelligence and Cybersecurity). Practical guidelines are also elaborated on digital topics (electronic invoicing, e-commerce, cybersecurity) and helplines are put in place.</p>
Unioncamere (Italian Union of Chambers of Commerce)	<p>In Italy since 2018 550.000 companies have been taking part in different activities (training, assessment, vouchers, info sessions, technical assistance) promoted by the PID (Punti Impresa Digitale) network in 60 chambers. In 2023, 6000+ training sessions were organised, 600.000 people involved and 9,000 companies adopted the self-assessment tool selfi4.0, the largest database in Italy on SMEs' needs on digitalisation.</p>

6. Policy recommendations

Considering the impending 2024-2029 legislative period, Eurochambres urges EU policymakers across the European Commission, the Council, and the European Parliament to:

a) Enhance digital competitiveness

- If existing laws adequately address digital matters, any new regulations should only be introduced in response to identified market failures. The focus should be on ensuring that existing regulations are effectively and consistently put into practice before introducing additional regulations. **Overregulation has to be mitigated.** Serious analysis has to be performed at the moment the legislation is being proposed. Not only the cost of the new legislation for the state/government but also for businesses in general, including SMEs, should be considered.
- **Minimise bureaucratic hurdles** in regulations. It is imperative to streamline regulatory processes to foster innovation without hindering its early development.
- To maintain a competitive edge in the digital landscape, businesses must proactively identify and capitalise on emerging business opportunities in the digital sphere. **Regulatory sandboxes**, facilitating businesses to explore and experiment with novel products, are crucial. These sandboxes should be designed to be easily accessible to all businesses, particularly smaller enterprises, encouraging broad participation.
- **Investment in applied research** must be prioritised and increased, providing robust support for businesses. This includes allocating funding towards programs aimed at the development and real-world testing of new digital applications, fostering innovation and driving economic growth. By committing resources to applied research, policymakers can empower businesses to translate cutting-edge ideas into

tangible solutions, thereby strengthening Europe's position in the global digital landscape.

- Identify and **eliminate barriers within the Single Market** that impede the introduction of digital products and services (e.g making the digital European product passport fit for easier cross-border sales and extend VAT one-stop-shop for cross-border movement of inventory across the EU). This will ensure that the EU's domestic market facilitates the growth of businesses, enabling them to scale up and compete on a global scale.
- To **strengthen data protection** within Europe, advisory services provided by European data protection authorities to companies must be enhanced, thereby facilitating practical implementation and ensuring a consistent interpretation of the GDPR across all member states. A robust legal framework for data protection is essential for businesses to thrive in an increasingly digitalized world economy.
- To increase the use of data and AI by companies, there is a strong **need for centres of excellence for digital technologies and data usage**, where businesses receive support in implementing data & AI applications. In this context, the European Digital Innovation Hubs play a very important support function.
- Continue establishing **EU data spaces** alongside reliable cloud and edge infrastructures, to create interconnected ecosystems that enable seamless data exchange, collaboration, and the development of advanced digital services.
- Member states must speed up the digital, automatic exchange of data between national, regional and local administrations through the "Once Only Technical Tool" in order to ease the administrative burden and paperwork faced by businesses engaged in cross-border trade.
- **Protecting intellectual property rights** can provide Europe with a competitive advantage. By safeguarding innovation and creativity, Europe can strengthen its position in the global market. Weak or non-existing intellectual property rights protection specifically in the area of software patents effectively prevents SMEs to place their businesses to the EU jurisdiction space. To stop start-ups move to another country, this has to be changed.

b) Prioritise fair competition and strategic resource allocation

- **Fair competition** within the single market should be based on a non-distortive allocation of state aid as a driver of innovation, productivity, and economic growth across the EU.
- Insufficient funding and resources remain persistent challenges, with limited financial support for programs resulting in inadequate assistance for SMEs. **Increasing financial support** is imperative for SMEs to digitalise and remain competitive internationally.

- **Efficiently distributing financial resources** for the digital transition is paramount. It must maximize effectiveness, ensure accessibility for stakeholders, and establish a framework that fosters excellence and adaptability for businesses within the EU. The Multiannual Financial Framework (MFF) distributes significant financial resources across various initiatives such as the Digital Programme, the Connecting Europe Facility for Digital Infrastructure, the Recovery and Resilience Fund (RRF), and Horizon Europe. Drawing from the successful model of the RRF, which allocated a minimum of 20% of funds to digital initiatives, this approach should be replicated across different funds. Moreover, it should be expanded to include a dedicated minimum allocation of funds specifically targeted at the digitalisation of SMEs. With the commencement of the new Multiannual Financial Framework programme in 2027, it is imperative not only to secure these investments but also to strengthen them further and to secure the access to finance.
- SMEs require more **assistance in accessing financial resources** to fund their digital investments and bridging the digital divide. In addition, the European Commission must guarantee that funding opportunities and financial support is also available to business support organisations. Co-funding rates in EU programmes focused on digitalisation and innovation must be streamlined and substantially increased.

c) Strengthen digital skills and mitigate skills shortage

- **Digital skills** should be an integral component of high-quality and inclusive education and training, as it equips businesses with the necessary skills to navigate the rapidly evolving landscape of digital transformation. To empower businesses, it's essential to implement robust educational programs, skill enhancement initiatives, and awareness campaigns, with national regulatory bodies and authorities leading the coordination of these efforts and active engagement from stakeholders across various sectors. Especially in the realm of AI, digital skills are often insufficient yet strongly needed.
- **Addressing the skills shortages** is vital to ensure that businesses can effectively harness the opportunities presented by emerging technologies and remain competitive in today's rapidly evolving digital landscape.

The proposed policy recommendations will not only assist in fostering the digital transformation within the EU but also in advancing innovation, competitiveness, and resilience. Emphasizing the empowerment of SMEs with digital tools and capabilities will be pivotal in driving forward the digital agenda of the European Union.

Eurochambres – the association of European chambers of commerce and industry – represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers’ strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers’ member businesses – over 93% of which are SMEs – employ over 120 million people.

Previous positions can be found here: <https://bit.ly/ECHPositions>

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