Building the bridge between digital SMEs and policymakers
The European DIGITAL SME Alliance’s summit, which took place on Monday (14 November) in Brussels, aimed to bring together smaller technology companies to connect them with each other and EU lawmakers.

Due to the COVID-19 pandemic, the digitalisation of SMEs in the EU has sped up in recent years. However, this does not come without challenges, and big tech companies still seem to rule the technology sector.

The European DIGITAL SME Alliance is the largest network of ICT (Information and Communications Technology) small and medium enterprises in Europe, representing more than 45,000 enterprises.

The Digital SME Summit focused on such topics as innovation, artificial intelligence, competition, skills, and sustainability, as well as connecting the smaller tech companies so they can offer solutions to dominant big tech companies’ technologies.

The event, which took place in Brussels, also aimed to connect SMEs with EU lawmakers working on relevant files that are often conceived, keeping the largest tech companies in mind.
Small companies are Europe’s ‘hidden champions’, digital SME alliance chief says

By Julia Tar | euractiv.com

Small companies are Europe’s ‘hidden champions’, digital SME alliance chief says

Sebastiano Toffaletti’s welcoming speech during the Digital SME Summit. [Lowie Sobry/Wide Open]

S

maller technology companies are Europe’s ‘hidden champions’ that need to be connected to develop alternative solutions to the big tech companies, Secretary General of the European DIGITAL SME Alliance Sebastiano Toffaleti told Euractiv.

For Toffaletti, there is a misconception that everything is owned and invented by Google, Amazon, Microsoft, and other Big Tech companies.

But “the reality is that, if not all but many of the innovations do not come from those companies. What they have done is integrating whatever has been invented by others and “packaging them under their brands, making sure they were working seamlessly”, he pointed out.

Toffaletti believes that the services users get from these companies through such technologies work well, despite the impression that “they are the only ones who can control technology, this is not the reality”, he said.

“Technology is something developed by a multitude of players”. That is the case of open source, for example, where “we are talking probably hundreds of thousands of developers”, he said.

The DIGITAL SME Alliance wants to show that “Europe has thousands of hidden champions, smaller companies, which are at the top of innovation in their small niches”, Toffaleti said.

In his view, they are not as visible because they do not have goods for consumers "which are completely integrated and give a seamless experience that you can have when you have an iPhone," for example.

**Matchmaking**

According to Toffaletti, "Unless they have a high degree of horizontal and vertical integration among them", smaller companies "will never be able to go to the market with solutions that work for the consumers as well as for Big Tech."

He believes that most tech companies follow interoperability standards, which "make it technically possible for data to flow from one solution to another and not to have a complete integration" and to make the consumer experience good.

However, in Toffaletti’s view, this is only possible "if the companies can collaborate and work together". But a “sufficiently neutral” technology is also needed for companies to connect, Toffaletti noted.

If smaller companies connect, he pointed out that they can “work out interoperable solutions which can all together be an alternative to the dominant players” in an inclusive ecosystem. In his view, this can only happen by helping these companies to do so.

The Secretary General of the European DIGITAL SME Alliance also mentioned their "[matchmaking platform]" developed on behalf of the European Commission’s Directorate General for Internal Market (DG GROW).

"DG GROW had the same vision we had," he said about connecting companies with each other.

The DIGITAL SME Summit organised by the DIGITAL SME Alliance on 13 November and taking place in Brussels also aimed to connect SMEs with political leaders working on the relevant files.

**Platformisation, digitalisation, and the Digital Markets Act**

Toffaletti talked about the "platformisation of economy" and the companies being on the list of gatekeepers of the EU’s Digital Markets Act (DMA). He said the phenomenon is "not good for Europe in general because we see our value being sucked by these companies."

For example, "anytime anyone books a hotel, they pay 20 per cent to Booking.com. This is happening in many different sectors and on many different platforms. [...] None of these platforms are essentially European. Therefore, a lot of value is moving from here to there. And this can only get worse," he said.

Toffaletti said they “are convinced that this [the DMA] is the best legislation Europe has been putting forward in the last five years because this is the only piece of legislation addressing the market problem.”

He also pointed out that being digital is about more than using Zoom or selling something on Amazon, as he put it. “Company digitalisation is the process of reinventing its business model to generate value through technology. This is a very different thing than accessing digital tools, Toffaletti stressed.

“I have to invent technology to generate value”, he explained. "If you are an SME and you are surrounded, in an ecosystem, by local tech vendors and software developers, they will help you develop technology and adopt technology, it is not going to be off the shelf.”

“[This is] the real digitalisation process,” he said, adding, “This is when you become unique, you become really digital. And this is what we believe that Digital SMEs can do for the rest of the SMEs. That is why we like to call them the digital enablers. Those who bring the digitalisation to the other SMEs”, Toffaletti concluded.
Digital sovereignty from an SME perspective

By Julia Tar | euractiv.com

From technological dependency to a lack of skills, Europe’s digital SMEs face an uphill challenge in driving the EU’s digital sovereignty agenda.

The European DIGITAL SME Alliance organised the Digital SME Summit on Monday (13 November), the largest network of ICT (Information and Communications Technology) small and medium enterprises in Europe, representing more than 45,000 enterprises.

At the event, experts addressed how artificial intelligence, competition, skills, sustainability, and innovation are shaping the landscape for Europe’s digital SMEs.

US influence and SMEs’ challenges

According to Laurențiu Plosceanu, Vice-President of the European Economic Social Committee (EESC), “for far too long, concerns have been expressed” about relying on non-EU tech companies.

Plosceanu believes that this “heavy reliance on non-EU based companies is limiting the use of strategic autonomy in the digital world”, therefore, the “economic influence of non-US based companies cannot be downplayed”.

To move the dial, strong cooperation is needed between EU member states, the vice president said. Moreover, investments in digital capacities, education and vocational training, and infrastructure would also be essential in his view.

Yet, “SMEs face huge challenges in adopting human basic digital technologies,” he said. Some have issues keeping up “with the pace of digitalisation in their industry”, particularly in the case of processes that “require a high upfront initial cost”.

He stressed that improving the digital framework would be a key element to support digital SMEs and facilitate their participation.

Amaryllis Verhoeven, Head of Unit, Digital Transformation of Industry at European Commission’s Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), said, “We need to have traditional service providers here, in Europe”.

On the EU’s dependence on technology from overseas, Oliver Grün, President of the DIGITAL SME Alliance, said: “We will never overcome it by regulations. We urgently need innovations.” In his view, a lack of skills also causes difficulties, and a different education system would be essential to tackle these problems.

However, Francesca Bria, former President of the Italian Innovation Fund and Professor at University College London’s Institute for Public Purpose, said that “European harmonised rules” are needed and that she does not believe that “regulation competes with innovation. I think they have to go together.”

Digital sovereignty

“A digitally sovereign Europe is a Europe that can choose,” said Vittorio Bertola, Head of Policy and Innovation at Open X-Change, the largest independent email provider in the world. He also referred to the influence of the US companies, saying that their prevalence reduces the possibility of choice.

Grün highlighted the importance of designing “our own digital products” and not simply using them, adding that digital sovereignty is more than a tool because it is also connected to political sovereignty. He also thinks the EU should “stay open to all technologies”, including open-source and closed-source technologies.

Data outside of the EU

“An estimated 92% of all the data of the Western world is stored on US servers,” pointed out Plosceanu.

According to him, such data can range from online data from social media to public data administered by national governments. This is why it would be “critical to developing a cloud and data infrastructure, addressing the huge imbalance of the cloud and data storage market being almost completely dominated by non-EU companies”.

Verhoeven said that DG GROW’s priorities are “unlocking the value of data for Europe, making sure that European companies have access to the data and also making sure that there is a trustworthy environment” in which privacy is protected.
Digital SME Summit – Building European technological leadership

By Oliver Grün | European DIGITAL SME Alliance

Europe needs a new vision how to close the gap with its digital competitors. The Digital SME Summit will demonstrate that this vision can only begin by putting SMEs, the majority of Europe’s industrial base, at the centre of all actions.

Oliver Grün is the President of the European DIGITAL SME Alliance.

In 2019, Europe was set on a mission to finally become fit for the digital age. Four years later, significant progress has been made in all areas of the digital transition. Yet, it is safe to say that the continent remains far from achieving digital leadership.

Evidence recently released by the European Commission seems to confirm this claim. Only 11% of European businesses have taken up Artificial Intelligence and only 19% of them have adopted Big Data. The EU currently relies on foreign countries’ imports for over 80% of digital platforms, services and infrastructure. The train of the Fourth Industrial Revolution is about to depart; Europe is still stuck in traffic, on the way to the train station.

So, the main question becomes how can we close this gap and achieve technological leadership by 2030? It’s apparent that the old way of doing things has not worked and that Europe needs a brand-new blueprint to achieve its Digital Decade goals.

Any new blueprint for Europe’s digital transformation must start by placing the digital industry at the heart of all its efforts and by understanding the true strengths of this industry: the digital SMEs and startups. Europe’s SMEs represent a majority of the Single Market and account for around 60% of total employment across all EU Member States. SMEs are often generally seen as victims of digitalization because they need to catch up. However, this completely overlooks the fact that the provider side of digitalization in the B2B-Area, the digital economy itself, is also completely dominated by SMEs. So Europe’s digital small and medium sized enterprises, including startups and scaleups, are the providers of software and services that enable of digital transformation of all other companies and public administrations, especially the small and medium sized ones.

Europe’s digital companies are the main actors that can deliver an alternative paradigm of technology that is more sustainable, inclusive and human centric. Only by doing so, Europe will achieve its digital leadership.

Europe has no choice. Digital regulation alone will not make us less dependent on foreign technologies that cannot be disjointed with foreign economic and political influence. Europe must take a strong stance in support of its digital industry, in particular of its digital SMEs.

At the European Digital SME Summit we are convinced that our companies can deliver a sustainable, inclusive and human centric technological alternative and we call for a strong public-private partnership with the EU institutions and national governments.

The first edition of the Digital SME Summit, supported by the European Commission’s Social and Economic Committee, is a unique opportunity to showcase to ambition of Europe’s digital SMEs and to set a new vision for Europe technological leadership.

At the summit, Vice-President Jourová, Commissioner Ivanova and former President of Estonia Kersti Kaljulaid, together with EU decision-makers and leading SME Entrepreneurs discuss many of the key questions that Europe needs to address on the way to its digital leadership: how to strike the right balance between innovation and safety in AI, how to achieve fairness in digital markets and curtail the dominance of gatekeepers, how standards and interoperability can enable smaller players to join forces and create alternative paradigms?

The DIGITAL SME Summit will showcase the pride and potential of Europe’s software industry, its digital SMEs that by leading the digital transformation are the core of our innovation economy. Europe has a blueprint to upturn the continent’s innovation potential: leverage the power of machine generated data to propel the digital revolution in all sectors, train the next generation of AI experts, foster the adoption of new technologies, exploit the potential of blockchain, quantum computing, deep tech, make Europe’s industrial value chains cyber resilient. Only by becoming an innovation economy, Europe will foster its technological leadership.

An innovation economy propelled by SMEs needs digital skills. These must be the heart of the EU’s strategy. Without talents our digital companies won’t fulfill their ambition to grow and innovate. This is even more severe for smaller companies and startups that cannot compete with larger tech employers in attracting and retaining skilled people. With the Commission has designated 2023 as the European Year of the Skills, the DIGITAL SME summit will award the best practices of those SMEs whose contributions to re-skilling and upskilling are making a difference. With them, SkillNet Ireland, the business support agency of the Irish government, will showcase their experience and share experts insights to set a successful strategy for Europe’s upskilling. With an investment program of €70.2 million, SkillNet Ireland is already a world benchmark for its workforce development programs that have supported over 24,700 businesses and trained more than 92,400 people.

Most importantly, DIGITAL SME Summit is the kick-off of a process, such that none of its sections will remain as one-off discussions. The Summit is the beginning of a consultation between EU decision-makers and a widest base of digital SMEs and other stakeholders to generate proposals for the EU institutions’ upcoming mandate. The pinnacle of this process will be DIGITAL SME Manifesto for 2030, setting a concrete vision for SME-led technological leadership.

We believe that in our efforts towards the digital transition, it’s time to borrow the practices of our fight against climate change. There, a new paradigm emerged when it became clear how urgent the green transition is and the scale of effort that is required to move away from fossil fuels. The new vision that emerged was the Green New Deal that argued for comprehensive and ambitious policies that would promote green transition while simultaneously promoting economic growth and social justice.

Now is the time to put forth a European Digital New Deal. To achieve our Digital Decade targets and close the gap between Europe and its digital competitors we need a more ambitious approach. By putting SMEs at the heart of every effort, we will be able to create a more competitive, more innovative, and more resilient European digital ecosystem. We invite all stakeholders who share this vision to register and join us at the DIGITAL SME Summit and become part of this process.