

Future Ecom

Interreg Europe



DIGITAL FINANCE OF THE FUTURE

The new ways of working—Digitally

With a revolution in working practices that has been forced on us by the enforced restriction of movement across the world there has never been a more important time to review the new ways we will have to work. Future Ecom has been looking at these over the past two years and we will be bringing you some of the ways that digital technologies can be embraced that have inspired us most.

This is the third of a series of four Newsletters that will, between them, cover digitization challenges in the whole of the Ecommerce process, from Innovation through to payment and future currencies. These will review how we can change the ways we work and face the ways in which they will change we work when are finally able to return to the new normal.

In this Newsletter we look at some of the opportunities for finance that are being opened up by digitisation.

Future Ecom is funded by Interreg Europe with partners in 8 countries.



Currencies of the Future

The rate of change to digital technologies has been accelerated by the Corona Virus Pandemic. As businesses around the world are forced to find remote ways of working even the most resistant to change are finding that they are adopting new technologies and changing the way their businesses run.

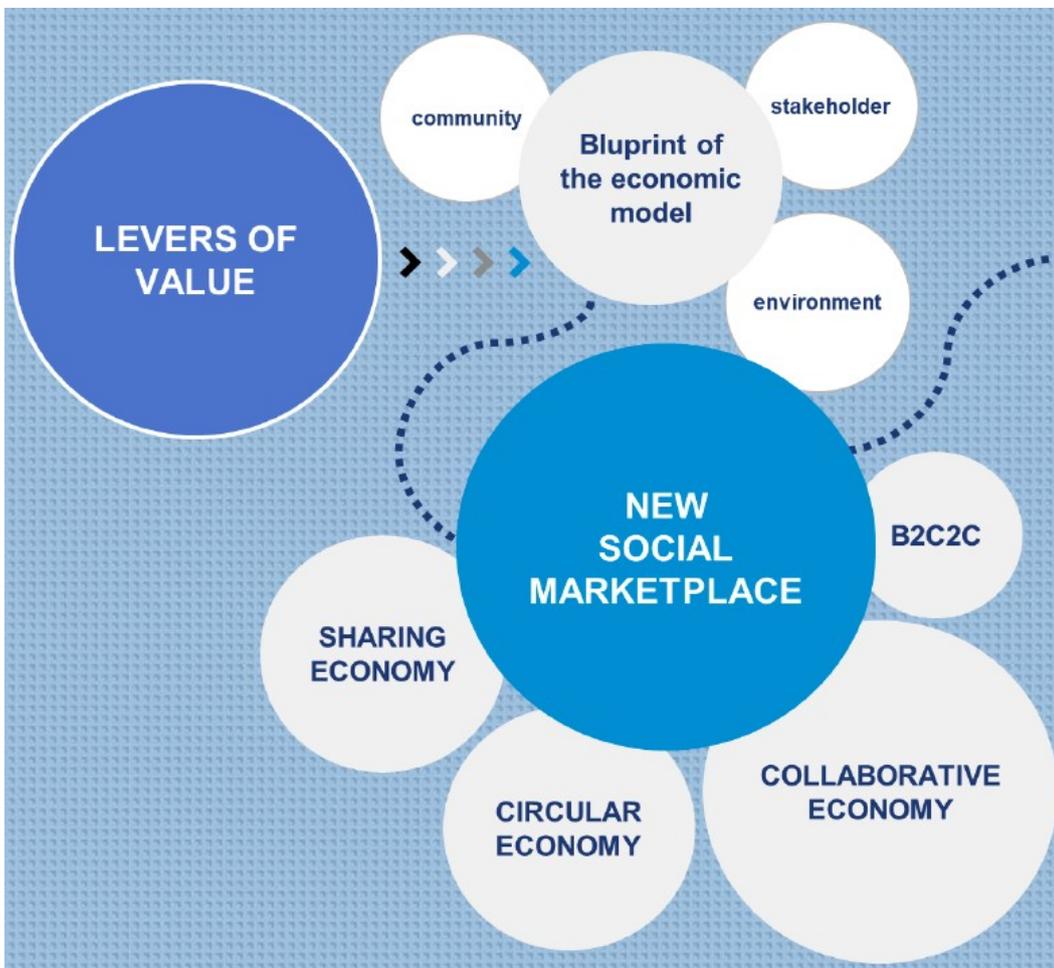
Over three days in April we studied the ways in which digitization is changing currencies and finance. From the well known and documented innovations like Blockchain and Crowdfunding to creative ways which businesses and communities are finding to access the funds they need to innovate.

In this newsletter we are looking at some of the ways in which this has been achieved in Italy.

Smart Community Schemes

Federazione Trentina della Cooperazione (FTC) is a business association which associates cooperative companies operating in the Province of Trento, Italy. currently it counts about 450 member companies connected to about 280.000 people.

FTC is the main promoter and developer of the project “cooperation 4.0”. The project aims at developing a collaborative platform and will represent the evolution of the “Cooperation Card”, a tool already tested and used by the families connected with member companies. The project involves members from all sectors and potentially all cooperatives, developing inter-cooperative interactions, collaborations and opportunities for goods and services.



It applies the model of a “smart community” which aims at responding to immediate needs, providing a system value (greater than the addition of single initiatives), engage local actors for a common purpose. The Smart community model is composed by different characteristic elements, such as a framework of nodes and relationships, value aggregation and redistribution models connected to general purposes (corporate

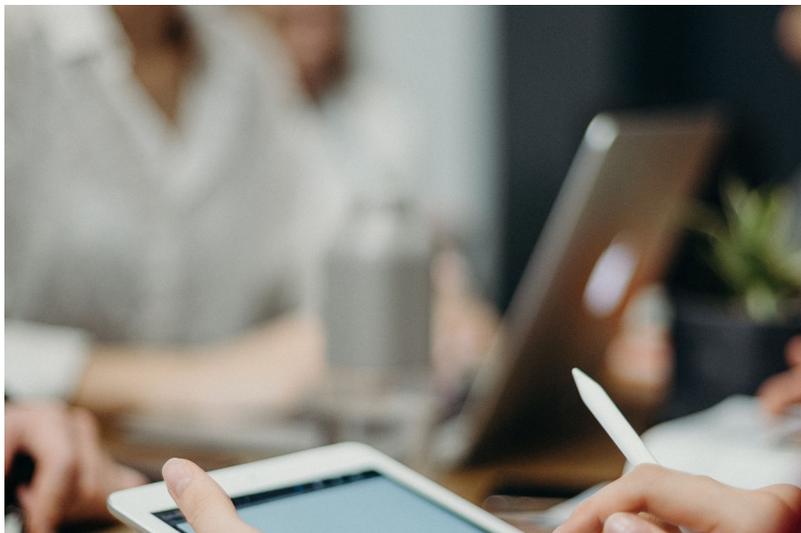
welfare, mutualistic, etc.), an overall collaborative platform (usually based on the blockchain technology), a structure of specific applications over the overall platform, specific tools and rules

The Smart community represents a social and economic structure in which the community manager (better named as “enabler”) does not take a predominant role but manages the infrastructure and technologies which enables the production and the use of services through specific digital tools (i.e. smart contracts, wallet, etc).

Behind this digital structured system the community agrees about common goals and the collaboration that derives from the achievement of these goals generates value. This value is transferred to socio-economic fabric through the digital platform in the form of a kind of virtual currency. This system makes it possible to collect resources which, in the absence of the Smart community, would have been destined elsewhere, and send them to the territory and/or towards specific aims.

Digital instruments included in a Smart community platform (typically based on blockchain technology applications, tokens, wallets, etc.) enable the composition of a scheme with different working elements, such as:

- the creation of the network that allows the definition of the digital identities of the participants and their role;
- accounting for assets;
- the choice of operating levers (aggregation of demand, sharing of objectives; integration of resources; management of activities and processes; synchronous management of activities; integration of resources; reduction of intermediate steps in the supply chain; alignment to needs);
- configuration of services;
- the implementation of a specific governance system based on the shared responsibilities of all participants.
- the payments on the platform through the interaction with the payment circuits (banking and private subjects).
- accessing to the platform open to all (internal and external subjects to the community) through their mobile and web devices (smartphones, ipads, notebooks, etc.).



Typically, real case rollouts use a private or permissioned blockchain, as it guarantees greater security, privacy and performance.

The Trentino Federation of Cooperation, through the creation of:

- 1) the platform that clustered the audience of community cooperation members,
- 2) the multi-channel wallet that collects the value (token) and allows you to use it,
- 3) a model of smart contract defining the rules for transforming behaviors into value and marketplace access, and allowing the partner (citizen, company, etc) to transform the reward (discount) provided for by the agreement into digital spending capacity.

This new spending capacity (which traditionally is dispersed) can be directed towards a defined business marketplace (in this case the group of companies associated to the local cooperation system) the system and will benefit of additional rewards (part of the collective value back or rewards for virtuous behaviors) creating a significant aggregate value (200,000,000 euros, for the specific case study) and a benefit for the territorial system.

The digital wallet is the technological fulcrum that integrates IoT, blockchain and communities and that enables the model by defining scalable synergies and becoming in fact a tool that aggregates and translates digital spending capacity. Synergies can be produced intra-system, if the value is transferred to a subject belonging to the community, or extra-system, if the value is

transferred to a reality out of the community. Extra-system interactions can take place with companies outside the territory or with other communities. This additional spending capacity can be addressed to:

- Rewarding for the achievement of "ever greater" cooperation objectives;
- Purchase or promotion of cooperative system goods and services;
- Purchase of products from the cooperative marketplace;
- Integration with partner reward systems;
- Integration of products and / or services with affiliated marketplace systems (Partners)



Liberex—Digital Credit Clearing System

AppAway Srl is a young small enterprise operating in two different fields of work: software development and IT, and workplace safety. Its businesses have been significantly affected over the last few years by the economic situation, implying poor investments by SMEs and therefore the situation of a poor market for software development, IT infrastructures and other expenses (i.e. safety).

In fact, often some ordinary problems of liquidity which affect SMEs imply that these latter are not motivated in planning and doing investment or pay attention to the need of innovation and related investments the company has to face. Entrepreneurs facing a situation of economical recession often do not consider that software development and IT solutions are kinds of investments SMEs really need in order to maintain or gain competitiveness.

AppAway joined the Liberex platform in 2017 and since then their business based on the participation in the circuit has been growing reaching the 10% of the revenue in 2019. They increased their turnover and experienced, among other things, that SMEs (their customers) are more willing to take risks and plan investments and sustain related costs if they can use complementary resources and an additional capability to sell their own products other than the ordinary market.

Liberex is a Credit-clearing system which works mainly through a digital platform, but which integrates digital services, social relations and networking activities at territorial level. The systems provides for the generation of units of a complementary currency (named Liberex itself) through which SMEs participating in the community (the "circuit") can finalize transactions and sell or buy products and services. In specific, the Liberex circuit operates with enterprises located in Emilia-Romagna.

The working scheme upon which Liberex is based takes inspiration and rules from many other recent or historical experiences about generation of complementary currencies, for instance WIR experience in Switzerland.

How does it work? In short, the manager of the platform evaluates the capability of a company who wants to join the circuit to offer products and services and sell them on the platform. If there is reasonably a sufficient demand for products and services offered by the company, this latter joins the community and can make transactions using the complementary currency

Each transaction is operated and registered through the digital platform.

Through the participation in the circuit and through the digital platform, a SME can exploit a capability of producing and selling products or services additional to the ordinary capability to operate on the traditional market using the legal currency (euro), and thus receiving additional credit capability, and thus have the opportunity to use additional liquidity for expenses connected with operational daily costs as well as small or bigger investments.



This can support the SMEs activity, development or even survival, especially during times of economic recession or scarcity of liquidity and low currency circulation rates within the local or regional economic system.

The aim of the circuit is to give value to the capability of the SME to produce and sell products and services required by the community, and in specific, to the residual capability that currently is not appreciated by the ordinary market. Based on this residual capability, monetary credit is given to the enterprise. This latter can therefore start to buy products and services from the other SMEs participating in the circuit, using the digital platforms.

The Future Ecom Project

It is estimated that in 2020 B2B e-commerce in EU will be twice as large as B2C in terms of sales which proves a huge unreleased potential for EU SMEs. There is a risk of being surpassed by frontrunners as most SMEs have not even taken the first step in this direction.

Succeeding with B2B e-commerce requires a huge turnaround within a company's internal processes as this may scale up the turnover dramatically. Digitising and automating the internal processes of the SME is key to manage and keep up with the huge upscaling due to global e-commerce while ensuring the economic profit.

Creating a Digital Single Market (DSM) is one of the top ten priorities of the European Commission. The overall objective is to bring down barriers, regulatory or otherwise and unlock online opportunities in Europe to create one borderless market with harmonized legislation and rules for the benefit of businesses throughout Europe.

Future Ecom addresses policy makers and business support agencies across EU who need to fully understand the key barriers for SMEs to exploit and benefit from a global internet driven market place in general and enhance digitisation and automation in particular. This is done by the exchange of experiences and good practices across 8 EU regions in Future Ecom initiatives will improve the impact from the regional policy instruments addressed by the Future Ecom partners and the results will be disseminated across EU.



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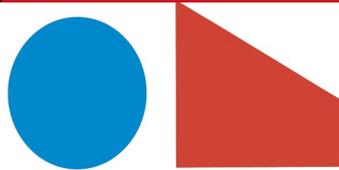
The Future Ecom Partnership

Business Association of Santarem, Portugal



North Denmark Region, Denmark

ART-ER, Emilio Romagna Region Italy



GILDE

Business and Innovation Centre, Lippe-Detmold, Germany

Coventry University Enterprises Ltd, UK



Chamber of Magnesia, Greece

Cursor Oy, Finland



Lithuanian Innovation Centre, Lithuania

The Regional Council of Kymenlaakso, Finland

