Future Ecom
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Action Plan for Coventry

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Future Ecom Action Plan - Coventry

1. **Overview**

For the past three years the Future Ecom project has been working to identify ways in which Policy Instrument funding can be used to improve regional response in supporting SMEs through the coming Digital Revolution. The ultimate goal of the project is to assist regions in creating a funding strategy that builds upon existing and potential areas of competitive advantage, avoiding fragmentation and insularity and linking and leveraging assets in new and different ways.

The project was set up to influence spending from the ERDF funding provided through the local ESIF strategy. This document clearly identifies advanced manufacturing as key to the development of the region. It also highlights strengths in creative digital businesses and a strong history of innovation. At the same time it recognises that the area is reliant on a small number of large organisations and that there a large number of more traditional, smaller businesses that are trailing in terms of modernisation and digital business practice.

2. **The Policy Instrument**

In the case of Coventry, the Future Ecom project has been set up to impact the Investment for Growth and Jobs Programme and, in particular, The **European Structural and Investment Funds 2014 to 2020 Coventry and Warwickshire Strategy**.

The Policy instrument makes a number of recommendations to tackle market failures in this area:

"This strategic action will be linked to the themes for Innovation and SME support. This strategic action promotes the take-up and exploitation by Small and Medium Sized Enterprises of emerging technologies and networks for the digital economy and supports SMEs and social enterprises to develop ICT products. Broadband offers significant potential for SMEs, which many have yet to realise and extending reach and speed of SFB is crucial for the competitiveness and sustainability of SMEs in an increasingly global world. SMEs need further support and training if they are to realise the potential SFB offers. It is vital that ICT companies are assisted to develop the broad range of skills, including business development skills that they need to compete in a global economy. Local businesses need to be encouraged to work more closely with higher and further education establishments for the development and testing of new products.

Under this policy instrument significant resources have been put into the roll out of broadband in the region but there is no immediat support for SMEs seeking to exploit the technology.

To encourage take up and exploitation it is vital that:

- the awareness of the benefits of broadband-enabled technologies is embedded within business support provision
- that a range of business-support options that encourage SMEs to move up the e-adoption ladder are available
- further networking and best practice sharing between ICT companies is developed, and

- that collaborative working is encouraged between businesses and with HE, FE and between larger companies and SMEs to cascade knowledge and good practice in the use
- Offer specific training aimed at the decision-makers within businesses to increased their understanding of the benefits of using digital technologies and encouraging them to make investment in these areas

The work we have carried out on Future Ecom supports these aims. The primary element of the project has been to look closely at existing strategies and networks operating in the regions. The project has ten partners in eight countries, from Finland and Denmark in the North to Italy and Greece in the South of Europe. Six Partners have taken ownership of specific topics to research the State of the Art in each area, identifying good practice in support and ways in which business models are changing. This has been published in the project's White Book which can be downloaded in English from our website: interregeurope.eu/future_ecom. The component studies are shown in the table below.

Thematic Topic	Partner Responsible	Country
Innovation and Product Development	Coventry University Enterprises Ltd	Coventry, UK
Purchasing and Logistics	Cursor Oy, Kotka-Hamina Regional Development Company	Kotka, Finland
Smart Production	Business- and Innovation-Center Lippe-Detmold GILDE	Detmold, Germany
Global Ecommerce	North Denmark Region	Aalborg, Denmark
E Sales and Marketing	Chamber of Magnesia	Volos, Greece
Future Currencies and Funding	ART-ER Attractiveness Research Territory	Bologna, Italy

The themes and visits have engaged the team and stakeholders form the UK completely. We feel that this project has a special relevance in the economic development of the area, which is enhanced and made more urgent by the Corona Virus pandemic which swept the world, and especially Europe, during the later stages of the project. Whilst there are a range of interests, and there will certainly be some follow up actions, in the closing phase of the project we are focussing on the following area:

Since 2016 the UK has had a referendum on remaining in the European Union followed by three General Elections. This level of political instability is unprecedented in modern Britain and the rapidly and constantly evolving environment, together with reaching the final round of

funding from the original ESIF/ERDF policy instrument has made it difficult to influence a specific Policy. It is, however, a positive that the guarantee of ERDF funding for key projects up to June 2023, together with flexibilities within these projects, means that there is scope to apply the findings of Future Ecom to key local ERDF projects and ensure SMEs are able to capitalise on opportunities presented by e-commerce as the economy recovers.

3. **The background**

The key stakeholder in this project is Coventry City Council who are the local policy making body, as well as Accountable Body for large ERDF programmes. Technically MHCLG is Managing Authority in Euro Commission language. From the beginning they have recognised it as having a high relevance and potentially important impact on the region. They have attended most of the Study visits and received detailed briefings on the ones they couldn't attend. After every study visit we held meetings to discuss the learning that could be drawn from the practices we saw.

It is difficult to select a single Good Practice which will drive the action forward, there were multiple examples of good practice that we think could be applied to inform actions that will help address Coventry's economic needs moving forward. A number of actions and plans are in consideration and we expect that there will be future impact on future Funding as we move to reliance on National Funds in the future. At every visit we examined the practices which were shared with us and compared our own activity. As part of the process we've assessed the dynamics facing our economy and can see several ways that the SME support ecosystem needs to adapt better to changing opportunities. This has given us a portfolio of ideas from which to select those on which we intend to focus. The other ideas are highly likely to acted on in the future.

3.1 Inter Regional Learning

From the Good Practices and other institutions demonstrated in Detmold, there were many that really impressed us. Of particular note we are looking for ways to harness the inspiration from Weidmuller's Virtual Academy into a system for increasing the skills of businesses and citizens in the City. We were also drawn to the way in which all the agencies in the area who have roles in business development are cooperating to maximise the improvements in skills and ability that an SME can gain from Innovation Support. This was accentuated by the workshops we attended in Aalborg. It was very clear from the work we did there that investing in digital leadership and management skills is a key enabler of competitiveness which will increase in importance in the future. We have reflected on this and learned that we need to bring the agencies involved in delivering business support in our region closer together. This is related directly to the changes we are making to the way in which our policy instrument is implemented in the region.

These workshops and practices have inspired us to look for cross connections between industry sectors, we will be seeking to develop more collaboration to bring those who have skills to sectors where they can be of use in leveraging future gain. All the practices we looked at in these visits, and in the sales-oriented visit to Volos demonstrated that there are common needs across all sectors, but that the needs of businesses differ and different stages of the digitisation process. From start-ups to scale-up stage companies there are advantages to digital support that cross all sectors.

In the workshops on Ecommerce, and supported by the experience of companies in Volos, we established that there are limitations to the improvements that Digital technologies will make in business, such as the building of trust required for creating business relationships. The hype around digital technologies does not always make these distinctions and it is important to ensure that support recognises the limitations as well as the opportunities inherent in digitisation of business. This reinforced by the research on sales and digital presented by the University of Aalborg during the study visit to Denmark.

From the sessions on Future Funding we gained an understanding that there is a need to improve the availability and understanding of investment funds in the region. We were particularly interested in the KICK-ER Good Practice which attracts both innovators and finance. There is already an initiative in the region which is in early stages and this will help to influence the development. We were also inspired by the ART Digital Platform in Emilia Romagna – this got us thinking about how we could start to further better connect support providers facilitating digitisation and also SMEs who may collaborate to address specific digital/innovation challenges.

It was something of an unexpected impact that we knew digitisation and the digital sector would be important for the future development of Coventry & Warwickshire's economy, but partaking in the Future Ecom project has helped us to focus on specific actions that we can apply to our ESIF projects running up to June 2023.

4.   **Action ICT Accelerated Support**

At present all calls for funding under the final round of funding from ERDF are in the final stages of agreement. It is not possible to gain access to funding for a specific call. There are, however, a number of actions already in place which can be influenced to direct funding towards enhancing SMEs digital innovation.

Key Objectives:

- Seek out cross connections between technologies and industries
- Link businesses that have developed unique IT and look for ways to transfer (for example games technology and Manufacturing)
- Accelerate digitisation and diversification for small businesses.
- Investigate ways to flex grant support to bring forward digital innovation where possible
- Enhance 1 to 1 support around IT at all stages of the business development process – including (but not limited to) ensuring an understanding of the opportunities to enhance
    - All growth stages of business
    - All business types
    - All processes within a business
    - International Planning and Trade (this also builds on the work of the completed INTRA project)

Key Actions

Map the ICT support capability across all the C&W existing support, involving all organisations in the local business support ecosystem.

Create a clear Digital Support entry point.

- Introducing a new stage during the induction process to projects to identify how businesses use digitisation at present and guide them to the support available in the system. This will require more cooperation between agencies and
- Ensuring the local business support diagnostic refers businesses to appropriate forms of digital support by capturing digital needs, opportunities and gaps in capability sufficiently.
- Workshops at early stages in all projects mapping routes for businesses.

It is expected that businesses entering this system will have the advantage of better understanding of the ways in which Digital changes can improve their business and access to both technology and training to do this.

The funding for this initiative will come from the existing provision in the projects, and is sourced from the original Funding instrument.

Expected outcomes:

Easier access to digitisation support

Better routes to appropriate support

Released synergies between existing projects

5. Action Details

In the ICT Accelerated Action we will draw in and manage interaction with the following projects at the appropriate level. The action will create a contact point for both entrepreneurs and the managers of funded business support projects.

After passing the eligibility test for any participating project the SME will be asked to carry out an audit to establish their current level of digital adoption and the potential for digital innovation to provide improvement for their business' processes, services or products.

Having completed the survey and their entry point project, the business will be given a roadmap to access further help and their details passed (with permission) to the relevant support project managers.

This will demonstrate that the SMEs have had their eligibility reviewed and help them to understand the support opportunities available to them. It is expected that the initial interaction will be with the CWLEP Growth Hub and, within CUE, the Innovation Networks project and that they will be signposted to appropriate assistance within the portfolio of ERDF projects outlined below. For entrepreneurs still developing their business ideas we will be able to facilitate start-ups through the CUE managed technology Start Ups project. After entering the system a group of topic specific forums and direct contact with project managers will guide innovators through the system.

It has been agreed that the following ERDF regional programmes will be providing direct support to increase opportunities for SMEs to adopt new digital technology:

- Innovation Networks
- C&W Innovation Test Beds

- C&W Green Business
- C&W Business Support

We will use the findings of Future Ecom to further shape services being delivered through these projects that would not have included this angle otherwise. We will be seeking opportunities to create disruptive and innovative businesses. In particular we are talking to the managers of funding streams that provide skills education to ensure that the experience gained in providing adaptable learning systems from The Weidmuller Academy are implemented. This would be funded for ther Skills4Growth program which is outside the scope of the action plan but will provide improvements in the future.

All of these projects are funded under the Coventry and Warwickshire European Structural and Investment Funds Strategy 2014-2020, with match funding from the SMEs.

The projects initially signed up will be offering to the SMEs:

- **Innovation Networks** will run a marketing strand to target businesses seeking digitisation. It provides 44% matched grants up to £12,000 to commercialise products, processes and services by
  - o Supporting IP and trademark applications
  - o Helping with strategic marketing, marketing research and focus groups.
  - o Providing specialist software and development
  - o Funding purchase of Tooling and components
- Access to revenue grants, particularly through **CW Innovation Test Bed** to test and launch new products that could bring or include digital innovation (including securing of any IP rights).
  - o This will take the form of grants and support for Intellectual Property protection.
  - o Grants are available of up to £50,000 for New Product Development, New manufacturing and IP protection
  - o One to one support is available for research.
- The **Green Business Programme** will seek out digitisation Specific Projects where there is opportunity to reduce travel or otherwise increase efficiency in carbon use.
  - o Grants of up to £20,000 are available for IP protection, on the basis of 60% Match funding.
  - o External consultancy for IP, design or accreditation can be funded, also on the basis of 60% match funding, up to a maximum of £10,000.
- The activities are being added to the existing already signed projects. They have been approved and officially launched on the 27th February 2019.
- The Projects, supported by thematic experts who have worked on Future Ecom, will add specific marketing and promotion activities to digital business improvements, utilising the networks accessed during the Future Ecom Project.

  - **C&W Business Support**: The **Business Support Programme** will explore opportunities to support businesses to use digitisation to implement new processes that will help to enable modernisation and expand market reach (e.g. digital marketing, business planning) through some of the workshops and 1:1 support delivered by Start-up Support strands and strands targeted at existing SMEs (e.g. Accelerated Growth). Through its administration of the "Specialist SME Grants", the programme is also supporting SMEs with the acquisition of ICT equipment and take-up of specialist expertise to improve businesses processes.

The projects have already started. CUE will be supporting the projects by providing expert input and advice in steering content and activities towards SMEs with the opportunity to improve their businesses through digital innovation. All the projects overall aim is to support SMEs to increase their

competitiveness, in different ways, and the angle of digital innovation is what will be added as a horizontal measure thanks to Future Ecom.

These projects are managed by Coventry City Council, the accountable body in our case for the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). CUE is responsible for many of them, but CCC (with larger Innovation Grants), CW Chamber (Accelerated Growth) and CWLEP Growth Hub (Specialist SME Grants) are also involved in delivery. The potential is a maximum of £3,000,000 which will be affected by this action plan. The aim is to ensure that as much as possible of this funding is directed towards Digital projects.

The success of these additional digital themed workshops or 1:1 support within these programmes would be measured by the number of SMEs attending the workshops or receiving support, the number of SMEs subsequently securing grants of at least £1,000 (they would be referred to the relevant grants fund after completing the relevant workshop and 1:1 support), and any change in the business' performance (e.g. accessing new markets, introduction of new business processes) through the relevant programme tracking and monitoring systems.

We will be targeting a minimum of 40 companies with increased capacity.

The Future Ecom team will work closely with the respective project and programme managers to provide subject matter support and access the relevant performance monitoring data, collecting case studies and experience where relevant to ensure lessons learned are carried forward and communicated nationally.

6. **Players involved** (please indicate the organisations in the region who are involved in the development and implementation of the action and explain their role)

CUE Ltd run the projects in question.

Coventry City Council is the Accountable Body for the major programmes, and CWLEP Growth Hub is a key partner and involved on all programme Operational Groups.

7. **Timeframe**

We have been implementing lessons emerging from Future Ecom as soon as possible, especially with digitisation being a key enabler for supporting our SMEs to recover from the impacts of COVID-19, and digitisation being a cross-cutting theme of the local Economic Recovery Framework.

The projects will run until the end of the current ERDF funding stream.