



DEVISE Action Plan

Dec 2020 – Nov 2022

DEVISE
Interreg Europe

 European Union
European Regional
Development Fund

Digital tech SMEs at the
service of Regional Smart
Specialisation Strategies



Northern & Western
Regional Assembly

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Glossary of Terms

AI – Artificial Intelligence

AR – Augmented Reality

BMW – Border Midlands and Western Regional Operational Programme

B2B – Business to Business

CRM – Customer Relationship Management

DETE - Department of Enterprise, Trade and Employment

DCP – Digital Collaboration Platform

DMAT – Digital Maturity Assessment Tool

DPER - Department of Public Expenditure and Reform

DX – Digital Transformation

EI - Enterprise Ireland

ERDF - European Regional Development Fund

ERP – Enterprise Resource Planning (software)

ERNACT – European Regions Network for Application of Communication Technologies

EU – European Union

GDP – Gross Domestic Product

ICT – Information & Communication Technologies

IoT – Internet of Things

LEO - Local Enterprise Office

NDP / NPF – National Development Plan / National Planning Framework

NWRA – Northern and Western Regional Assembly

RSES - Regional Spatial and Economic Strategy

PPSG – Programme Partnership Steering Group

R&I – Research & Innovation

ROP - Regional Operational Plan

SME – Small & Medium Enterprise

VR – Virtual Reality

1 GENERAL INFORMATION

Project:	DEVISE - <i>'Digital tech SMEs at the service of Regional Smart Specialisation Strategies'</i>
Project Partner	PP2 Northern and Western Regional Assembly
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Project Aims & Objectives

The DEVISE project aims to transfer technology provided by SMEs and start-ups in the ICT sector into Smart Industry sectors such as marine, engineering and manufacturing. By doing so the project will foster the growth of the SMEs and start-ups in the ICT sector while simultaneously enhancing the competitiveness of other industries in the region. The DEVISE Initiative will follow an innovative intersectoral approach involving all the relevant stakeholders in the process of analysing the current context, learning from other EU regions and defining improved policies integrating the lessons learnt.

Although significant progress has been made in the definition of more focused policies supporting these strategic sectors, more coordinated actions are required to foster the growth of digital SMEs providing innovative solutions that allow other sectors to be more competitive. Taking this into consideration, DEVISE aims to increase the number of digital tech SMEs enabling competitiveness in other regional strategic sectors through improved supporting policy instruments.

DEVISE will produce concrete outputs to meet this objective and other long-term effects. DEVISE will facilitate the creation of these environments formed by digital and other key sectors. Policy makers, business support organisations, educational centres and SMEs from the digital and other smart specialisation sectors will be the main participants and beneficiaries of these environments expected to last beyond DEVISE's lifetime. These environments will bring improved coordination and increased collaboration between the digital sector and those belonging to other smart specialisation sectors.

Alignment with EU Principles & Core Policy

DEVISE is an example and expression of the ambitions and activity under the EU's Policy Objective 1: **A smarter Europe: innovative & smart economic transformation**

This policy object specifically seeks to:

1. Enhance the research and innovation capacities and the uptake of advanced technologies;
2. Reap the benefits of digitisation for citizens, companies and governments;
3. Enhance growth & competitiveness of SMEs;
4. Develop skills for smart specialisation, industrial transition, and entrepreneurship

Operational Programme Overlap

Due to the timing of the DEVISE Initiative (Phase 1, 2018 to 2020 & Phase 2, 2021 to 2022) it will not be possible to influence or make changes to the current BMW Regional Operational Programme 2014-2020. The aim of this action is to recommend that specific support mechanisms be included in the next Operational Programme that support SMEs with their Digital Transformation. It is anticipated that actions and measures identified in the Needs Analysis report and the subsequent public consultation on future EU funding policy in Ireland will leverage funding towards increasing RD&I expenditure; collaboration between industry and HEI's and create the conditions for Smart Regions and Innovation Districts from the ERDF side - while upskilling and retraining activity underpinned by digital & ICT skills will form a core part of the ESF + measures. In essence, it is likely that the next round of funding will be the most far reaching to date in terms of the scope and scale of activity towards digitalisation and innovation.

Between the end of Phase 1 and the beginning of Phase 2 of the DEVISE project, the Operational Programme (Regional or National) will be drafted, in consultation with stakeholders including the Department of Business, Enterprise and Innovation, Enterprise Ireland, Local Enterprise Offices and the Department of Public Expenditure and Reform. The aim of the action is to make a recommendation so that specific measures such as Digital Vouchers be included in the next Operational Programme.

REACT – EU measure will provide some element of cross programme coverage to ensure that DEVISE can impact on both the 2014 to 2020 and the 2021 to 2027 Regional Operation Programme. The negotiations on REACT – EU programme size and scope have not concluded at time of this report production.

2 STAKEHOLDERS INVOLVED IN DEVISE

DEVISE is a collaborative initiative across a wide spectrum of enterprise support, regional development and higher education partners working with the SME base in the region.

<p>DETE</p> <p>Department of Enterprise, Trade and Employment (DETE) is responsible for implementing and developing Government policy in the areas of enterprise, innovation, the regulation of business and the protection of workers.</p> <p>www.enterprise.gov.ie</p>	<p>Enterprise Ireland (EI)</p> <p>Enterprise Ireland is the lead government agency responsible for the development and growth of Irish enterprises. They work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets.</p> <p>www.enterprise-ireland.com</p>	<p>Údarás na Gaeltachta</p> <p>Údarás na Gaeltachta meaning "Gaeltacht Authority" (abbreviated UnaG) is a regional state agency which is responsible for the economic, social and cultural development of Irish-speaking (Gaeltacht) regions of Ireland.</p> <p>www.udaras.ie/en/</p>
<p>Local Enterprise Offices (LEO)</p> <p>The Local Enterprise Office is the First Stop Shop for information and support on starting or growing a business in Ireland. LEOs currently play a leadership role in developing business skills within the local sector and encouraging entrepreneurial thinking and to promote microenterprises.</p> <p>www.localenterprise.ie.</p>	<p>Regional Skills Forum</p> <p>The North West Regional Skills Forum (NWRSF) serves the counties of Donegal, Sligo and Leitrim. The aim of the regional skills forum is to support and facilitate engagement between education and enterprise in the identification, development and delivery of skills required for the region.</p> <p>www.regionalskills.ie/regions/northwest/</p>	<p>ERNACT</p> <p>European Regions Network for the Application of Communications Technology is a network of European Public Authorities that collaborate on EU Digital Technology programs and funding for the benefit of regional network / clusters, SME's and Universities.</p> <p>www.ernact.eu</p>
<p>Letterkenny Institute of Technology (LYIT)</p> <p>Letterkenny Institute of Technology is a university situated in Letterkenny, County Donegal. It offers various UG and PG degree programs. LYIT fosters a culture of collaborative innovation between the Institute and a network of regional industries and businesses through Innovation Vouchers, Skillnets and other Supports. www.lyit.ie</p>	<p>Institute of Technology Sligo – IT Sligo</p> <p>Institute of Technology Sligo is a third-level educational institution situated in the town of Sligo. IT Sligo has expertise, facilities and capital infrastructure that supports local industry and enterprise creation activities. https://www.itsligo.ie/innovation/business-support/</p>	<p>Galway-Mayo Institute of Technology (GMIT)</p> <p>GMIT is a Higher Education Institute with four campuses across Galway and Mayo providing degree and masters programs and research in a wide variety of disciplines. The GMIT Innovation Hubs in Galway and Mayo provide support and facilities for start-up businesses. https://www.gmit.ie/gmit-innovation-hubs</p>
<p>National University of Ireland Galway (NUI Galway)</p> <p>The National University of Ireland Galway (NUI Galway) is located in the city of Galway. As an institution of enterprise, research and learning, NUIG fosters strategic global engagement through partnerships, research networks, and other collaborative activities.</p>	<p>Northern & Western Regional Assembly (NWRA)</p> <p>NWRA is one of three Regional Assemblies in ROI with the remit to accelerate, optimise and promote effective regional development. The NWRA has three inter-facing functional areas including 'Better Places' 'Competitiveness' and 'Collaboration' to make the</p>	<p>SMEs and Start-ups</p> <p>Phase 1 of DEVISE engaged SMEs and Start-ups as part of the learning process to review current policies and business support. In collaboration with all the DEVISE project partners, PP2 (NWRA) carried out a supply and demand analysis of companies that provide digital technology solutions and companies aiming</p>

http://www.nuigalway.ie/business-industry/	region one of the EU's most Connected regions. www.nwra.ie	to adopt digital technology including manufacturing, marine and engineering firms.
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3 POLICY CONTEXT

The DEVISE project and this Action Plan aims to impact the following Policies:

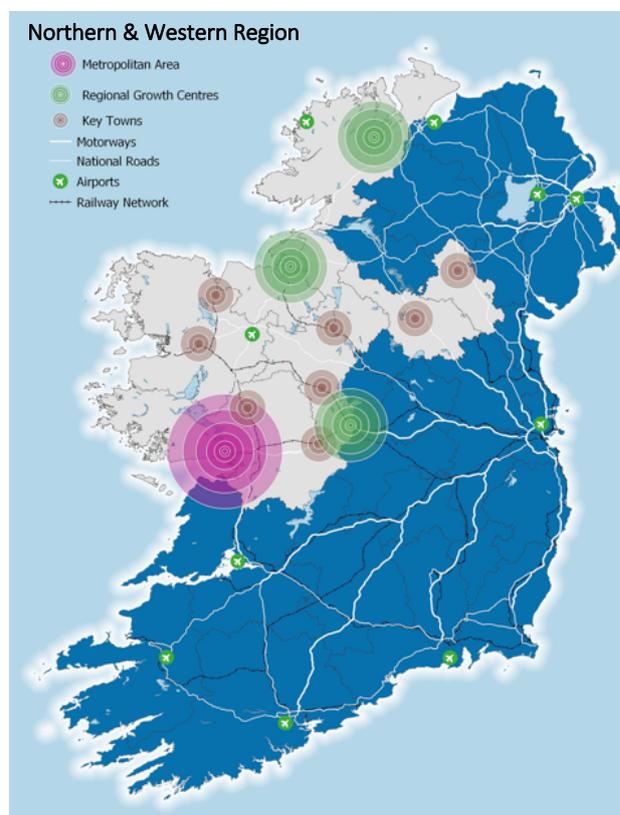
Regional Operational Programme (ROP) 2021-2027 for Ireland

The current EU Regional Operational Programme (ROP) for the former Border, Midland and West Region (BMW) 2014-2020 will come to an end the same time as the DEVISE Initiative is being implemented with target users (Phase 2). The Northern & Western Region (NWRA) has replaced the BMW region and the new Regional Operation Programme 2021 to 2027 will be implemented across the NWRA territory.

This phase of the DEVISE Initiative follows a two-year partner collaboration and learning phase for the design and development of measures for the digitalisation and investment in the RD&I function within manufacturing SME's in the region. The next Operational Programme for the period 2021 to 2027 will contain a number of objectives and measures for supporting digitalisations and investment in innovation and new technologies in the SME base. A key objective of the DEVISE Initiative is to demonstrate the need for, and nature of, measures for Digitalisation and investment in Research & Innovation for SME's under the next Regional Operational Programme for ERDF from 2021 to 2027.

The third Regional Operational Programme (ROP) for the Border, Midland and Western (BMW) Region is a funding package of €320 million from the European Regional Development Fund (ERDF) and the Irish exchequer, invested in the region between 2014 and 2020. For the period, 2014 to 2020, the BMW Region is classified as a 'more developed' region. The ROP contained a €58m package of investment for 'Enhancing the competitiveness of SMEs'

The next ROP will see the NWRA region classified as a 'Region in Transition' for which there will be a higher funding intervention rate applied to reflect the level of disparity and need. As the DEVISE Action Plan is emerging at the end of the current Operational Programme, the Action Plan has carefully been prepared in the context of our region's changed status as a 'region in transition' and seeks to influence the next Operational Programme 2021- 2027.



Regional Spatial and Economic Strategy (Northern and Western Region)

The Northern & Western Regional Assembly adopted the Regional Spatial & Economic Strategy (RSES) in January 2020. This strategic long-term policy and strategy for regional growth and performance sets out a growth framework for economic and spatial development for the Connacht / Ulster Region for the next decade, and beyond.

The Strategy is the centrepiece of regional policy and strongly reflects the ambitions and themes of the National Planning Framework (NPF) and the National Development Plan (NDP). Critically, it recognises and emphasises the significant role digital technology will play in developing and sustaining the economy. The strategy aligns with the objectives of the DEVISE project and identifies that the future of ICT in Ireland will be built around 'third platform' technologies, these include cloud computing, mobile devices and technologies, the Internet of Things (IoT), big data analytics, social technologies, artificial intelligence (AI), robotics, augmented reality, 3D printing and cybersecurity.



**RSES – Growth Framework
(2020 -2032)**

The RSES acknowledges the opportunities and challenges that technological developments create and that this is a risk category which needs to be monitored closely. Disruptive technology trends are continuously bringing new ways of conducting business, manufacturing products and making decisions which will impact traditional industrial methods and lead to significant job losses in affected sectors. While there are also significant spatial considerations for the distribution and integration of new technologies for effective land-use planning; ensuring our 'Places', are fully equipped for a smart, modern and connected future. While no sector will be immune to the impact of disruptive technology, jobs and functions

that require greater degrees of cognition, analysis and personal interaction will be somewhat cushioned. The acquisition of new skills is vital to keep pace with advances in technology.

Other Key Policy and strategy considerations for the DEVISE Initiative include:



Future Jobs for Ireland 2019

The Future Jobs for Ireland 2019 Strategy places significant emphasis on the important role digital technologies will play in securing future jobs in Ireland and making Irish more productive and competitive in a global economy. Pillar 1 of the strategy is 'embracing innovation and technological change.

North West Regional Enterprise Plan

The plan specifically references the DEVISE Initiative under Strategic Objective 6 and sets a target for 15% increase in Knowledge & Technology Transfer projects where digital and technology based SME's are enabling digitalisation in other non tech SME's in the region, recognising the support structures created by the DEVISE Initiative together with ERNACT and NWRA. The plan also includes a focus on building resilience in the SME base; expanding the entrepreneurial reach of the region; stimulating and supporting activity in the Blue economy or Marine sector; and regional promotion through Placemaking leading to investment.

The digitalisation of small and medium enterprises in Ireland

The study recommends that the Irish Government adopt measures to ensure that: (a) the benefits of digitalising traditional sectors of the economy are well understood by different stakeholders (local business community, high-tech companies, banking sector, investors); (b) traditional SMEs seeking digital opportunities have access to adequate funding (including grants and loans) and education; and (c) tech companies help create an impact locally, by providing digital solutions to SMEs in traditional sectors.

Local Digital Strategies

The key areas of focus for Local Digital Strategies include implementation of the National Broadband Plan; enhancement of the digital economy, employment and enterprise through digitalisation and innovation and technology transfer; the development of digital & ICT skills in the labour force and among citizens; supporting Smart Community Initiatives & Smart Cities; acceleration of e-service delivery and digital transformation in the public service and the adoption of digital applications and technologies to help decarbonise and support the Climate Action agenda.

Needs Analysis for ERDF/ESF+ Operational Programmes 2021 to 2027

The Needs Analysis details the priority to invest in digital skills and digital infrastructure in order to meet the needs of the economy. This is also required to ensure that individuals are not socially excluded. This need has been reinforced by the rapid shift to remote working and the role played by technology in facilitating access to shopping and public services during the COVID-19 pandemic.

EC - Country Report on Ireland 2020

The *Ireland Country Report* by the EU Commission makes references to the report on the 'Digitalisation of SMEs' published by EIB and the new Industry 4.0 Strategy published by DBEI. It reinforces the need for Irish SMEs to invest in and adopt digital technologies.

Industry 4.0 Strategy 2020 to 2025

The strategy seeks to drive innovation led competitiveness in Irish Manufacturing by - adapting methods to improve productivity and enable enhanced customisation; competing in new markets driven by product, service and business model innovation; integrating supply chains; and building competitiveness through adoption and use of industry standards. It seeks to make Ireland a global leader in RD&I with SMEs at the heart of the strategy.

Learning Outcomes from DEVISE project

Since June 2018, the Northern and Western Regional Assembly as a project partner in the DEVISE project has been engaging with regional stakeholders both public and private organisations on the challenges and opportunities facing micro-enterprises and SMEs with their Digital Transformation. In 2019, the NWRA with the support of stakeholders carried out a regional analysis and supply and demand analysis to get a better understanding of the needs and challenges facing SMEs and microenterprise with their digital transformation. The analysis and survey found that:

1. **A Digital Diagnostic** needs to be made available to SMEs and micro-enterprises to help them identify areas for digitalisation and which digital skills staff and managers are lacking.
2. **Funding Gap:** SMEs cannot always access the funds either from bank or grant aid to invest in technologies which would lead to increased productivity or access new markets. Furthermore, for some SMEs digitalisation is considered as a cost factor and not seen as an opportunity.
3. **Knowledge gap:** the primary barrier for implementing IT-related process improvements is a lack of awareness of the solutions available and of their potential benefits. With the rapid pace of change in digital technologies, many companies have difficulties deciding when to invest, up to what level and in which field of innovation.
4. **Opportunities to enhance digital technology adoption** through increased B2B networking and awareness of current Digital/ICT businesses in the region.

4 DEVISE ACTION 1: SUPPORTS FOR DIGITAL TRANSFORMATION IN THE SME BASE IN THE REGION

4.1 RATIONALE

Actions towards a more digitalised and innovation led SME base will drive productivity, competitiveness and resilience in our indigenous manufacturing sector and related sectors such as Agri-engineering and marine & renewables. Many operators in these sectors are long established and have thrived and expanded on the back of earlier phases of investment and innovation in premises, plant, ICT infrastructure and training.

However, many of these firms are now requiring the next phase of investment in order to transform their operations once again. In some instances, this will mean the adoption of an organisation wide Enterprise Resource Planning (ERP) Software Solution and virtual Office and Cloud technologies, to robotics and autonomous systems for speed and accuracy in production and incorporating new tech tools like Virtual Reality and Machine Learning and 3D printing into design and development functions. In manufacturing, intensive use of data will transform value and production and supply chains and bring us closer to a more circular economy.

A McKinsey Consulting study estimates that new digitally-enabled automation and artificial intelligence have the potential to bring an uplift in GDP of €550 billion (or 1.2% per year) from 2016 to 2030 in nine European “digital front runner” economies, including Ireland.

Digital Transformation (DX) refers to the integration of digital technology into all areas of an organisation resulting in fundamental changes to processes and operations and delivering value to customers, clients, citizens and internally to the organisation and its workforce. DX is a cultural change that requires the organisation to continually challenge the status quo, experiment, and future proof its functions. The key elements in any DX strategy will typically include: Customer experience | Operational agility | Culture & leadership | Workforce enablement | Technology integration

Processes: Digitalisation aims to increase automation in production and integrate simulation and data analytics in processes and supply chains, thus bringing about substantial and continuous productivity gains.

Products: digitalisation aims to increase the integration of digital in all types of products. This includes the development of markets such as the connected and self-driving car, wearables and smart home appliances.

Business models: Digitalisation aims to re-shuffle value chains and blurs the boundaries between products and services. Smart and connected products drive and adapt to changes in customers' behaviour, often establishing co-created, highly personalised services.

Digitalisation of SME's in Ireland DBEI 2019

4.2 KNOWLEDGE APPLIED FROM DEVISE

In developing this action plan, PP2 (NWRA) and regional stakeholders adopted learning outcomes from Interregional Staff Exchanges and by reviewing Good Practices published by partner regions. In particular, the following projects in partner regions are notable and worthy of consideration for the application of solutions and support measures in the NWRA Regional Operational Programme for 2021 to 2027.

Digital Vouchers Laval: Pays de la Loire Digital Vouchers:

<https://www.interregeurope.eu/policylearning/good-practices/item/2648/digital-vouchers/>

Pays de la Loire Digital Advice and Pays de la Loire Digital Investment Thus, this practice include two different kind of financial support: a financial support to get advices from digital experts (50% of the amount excluding Taxes of the eligible costs) and a financial support to acquire new digital solutions (50% of the amount excluding Taxes of the eligible costs). Through these Digital Vouchers, the Pays de la Loire Region supports SMEs in the key stages of their evolution, in a changing environment, and allows them to consolidate their decision-making in terms of growth and / or repositioning via the appropriation of digital uses with high added value.

The DEVISE network spans 10 EU regional partners. Through-out Phase 1 the partners engaged in a collaborative learning and good practice identification and transfer programme. This has allowed each partner to draw from relevant international experience and models that will form the basis of each DEVISE action plan for Phase 2 activity in 2021 and 2022.

DENDATICS grants programme - Fomento San Sebastian (FSS)

<https://www.interregeurope.eu/policylearning/good-practices/item/2609/dendatics-grants-programme/>

Fomento San Sebastian (FSS) is the public municipal company dedicated to the promotion and eco-social development of the city. One of its objectives is to improve the competitiveness, also through "digitalization", of local businesses in the retail/hospitality sectors. The DENDATICS grant programme focuses in the support of these processes of tech transformation that allow companies to increase competitiveness through the use of ICTs. Retail/hospitality, traditional economic sectors in the city but with important impact in terms of economic weight and employment creation, are experiencing the greatest difficulties in accessing tech knowledge.

It consists of economic grants addressed to local retail/hospitality companies for digitalization and ICTs implementation, as a tool to generate new business opportunities and foster digitalization processes. They cover costs of tech/digital investments done for implementation of ICTs solutions developed/designed by external providers.

4.3 ACTION DESCRIPTION

Action Title: Supports for the Digital Transformation in SMEs in the Regional OP 2021-2022

Target Area: SME's in manufacturing and related sectors in NW Region of Ireland

Key Activities: This action is based on advocacy and promotion of the agenda for SME digitalisation and special assistance with investment in their innovation function. NWRA, ERNACT and the other regional enterprise partners will seek to influence the future EU Regional Operation Programme to ensure there is significant policy and resources towards the SME digitalisation and innovation function.

NWRA has made a substantial submission on the DEVISE Initiative to the Public Consultation process on the 2021 to 2027 EU funding programme for Ireland to replace the current 2014 to 2020 programme. It recognises the key role ERDF can play in enabling digital transformation in the region and the available skills and experience from existing digital and technology start-ups and SMEs. This peer-to-peer approach is fundamental to the DEVISE project.

NWRA and all regional stakeholders have had network events in support of the DEVISE Initiative. This activity will continue over the remainder of Q4 2020 and through-out Q1 and Q2 of 2021 in order to embed the learning and practice from DEVISE into the enterprise support landscape and collaborative frameworks between the regions Higher Level Education providers and the industrial base.

Main objectives	Value brought by action to the region	Stakeholders & Partners roles and collaboration
<p>The main aim of this action is to have specific supports for the Digital Transformation of SMEs included in the next Operational Programme from 2021-2027.</p> <p>Specific measures will relate to Smart Specialisation strategies; Digitalisation Tools; Industry 4.0 and Disruptive Technology innovation inputs for manufacturing SME's</p>	<p>The current Regional Operational Programme 2014-2020 includes measures to support the growth and innovation of SMEs in the Border, Midlands and Western Region. While it will not be possible to delivery retrospective impact on the current OP there will be a future facing set of measures under the next OP 2021 to 2027 for Digital Transformation; Regional Innovation strategies; Industry / HEI Collaboration; Technology Transfer Schemes and other RD&I related activity focused on the SME base.</p> <p>Currently supports through the stakeholder network including Enterprise Ireland; LEO's; Údarás na Gaeltachta and the HEI's in the region are delivering client value through a variety of cluster and sector initiatives, Learning Networks and grant assistance for technology and digital inputs.</p>	<ul style="list-style-type: none"> • Department of Business Enterprise and Innovation. • Údarás na Gaeltachta • Enterprise Ireland • Local Enterprise Office

4.4 TIMEFRAME OF ACTIVITY

Action / Activity	Timeframe	Decision
Review Existing Support Mechanisms and research supports in other EU regions for the Digital Transformation of SMEs.	May 2020 – September 2020	
DEVISE submission to the European Structural & Investment Funds Public Consultation on future Operational Programmes for 2021 to 2027+ stakeholder engagement	September 2020 to December 2020	
Agree with Stakeholders a list of recommended support mechanisms that should be included in the Regional Operational Programme	September 2020 to December 2020	
Advocate and provide support to the PPSG for the development of specific SME digitalisation measures in the forthcoming Regional Operational Programme.	December 2020 to completion of ROP formulation in Q1 2021	
Monitor the development of the Regional Operational Programme	December 2020 to December 2022	

4.5 BUDGET BREAKDOWN FOR THE ACTION

Category of funding	Expenditure Amount
Salaries	NWRA salaries and resources for management and collaboration activities in relation tot Action 1 and common actions to DEVISE administration, monitoring and reporting
Overheads <i>(Estimate of pro-rata costs for management)</i>	15% of salary costs for responsible personnel
Travel & Subsistence	Travel, subsistence and direct costs (e.g. venue hire) for NWRA and stakeholders to attend meetings

4.6 IMPACTS & VIABILITY

- Action 1 is primarily concerned with ensuring Digitalisation in SME base is strongly supported in the relevant 2021 to 2027 Regional Operational Programme and that all stakeholders in its implementation are fully engaged and briefed on the measures. By consequence this Action will also influence sub strategies at a sectoral and local level to

adopt DEVISE type supports and projects for the Digitalisation in SME's within the target sectors of manufacturing, engineering and the marine sectors.

- Beyond the initial phase of informing the new Regional Operational Programme partners and stakeholders will seek to embed the learning and expertise gained through DEVISE to accelerate the SME digitalisation and innovation function – especially through Action 2 (Digital Diagnostics) and Action 3 (Digital Collaboration Platform)
- DEVISE will initiate a strong knowledge base for enterprise support partners and framework for digital development and R&I investment in future years.

4.7 MONITORING ACTIVITIES IN PHASE 2

The progress of Action 1 of phase 2 of the DEVISE project will be monitored through Quarterly Meetings with Regional Stakeholders sharing inputs and progress reviews. This will directly feed into the monitoring tool. Activities and targets will also be reviewed in light of opportunities that emerge, prevailing regional circumstances, proposed policy improvements, etc. Opportunities to further influence /improve policy from ROP perspective and at national, regional and local level will be discussed, and actions agreed as appropriate.

5 DEVISE ACTION 2: DIGITAL MATURITY ASSESSMENT TOOL (PILOT ACTION)

5.1 RATIONALE

The NWRA (PP2) along with PP5 & PP6 from the DEVISE project are collectively working to develop a pilot action entitled DMAT (Digital Maturity Assessment Tool). This online tool diagnostic / DMAT would help SMEs get a better understanding of the steps they need to take to advance their Digital Transformation, supports available to them and the investment in resources and training.

During phase 1 of the project, it was identified during the Regional Analysis and Stakeholder meetings that there was a clear need for an online Digital Maturity Assessment Tool (DMAT) that would allow SMEs to assess their current level Digitalisation. The online diagnostic / DMAT would help SMEs get a better understanding of the steps they need to take to advance their Digital Transformation, supports available to them and the investment in resources and training. (This project is the subject of a Pilot action request to Interreg – please refer to Appendix 2A)



Currently there are no Digital Maturity Assessments offered by business support organisations in Ireland. However, as part of the Interregional Learning in Phase 1 of the DEVISE project, PP2 learned that other project partners including PP6 (Business Agency Association – Bulgaria) and PP10 (Voka - Chamber of Commerce West Flanders) had already tested such a tool. This Pilot would allow the PP2 to develop a similar tool while simultaneously learning from partners which have experience in developing and implementing a similar online tool.

The EIB (European Investment Bank) identified the need for a Digital Diagnostic Tool in a report by entitled 'The digitalisation of small and medium enterprises in Ireland'. The report stated that there was a gap in available funding for SMEs to invest in Digital Technologies but that companies also need to complete a Digital Diagnostic to help inform them of the investments and staff training required.

Digitalisation has become an increasingly critical component of business strategy and operations. Adopting digital technology solutions will ensure companies remain competitive and sustainable in a global market. However, the Digital Transformation process can be daunting and overwhelming for SMEs. It requires upskilling of staff and management as well as investment in both hardware, software and cloud-based systems. The Digital Diagnostic Tool will help simplify and breakdown the complex sub-components of Digitalisation to help SMEs identify specific actions and start to develop a digital transformation strategy. The data

from completed Digital Diagnostics will help Policy makers and economic development agencies adapt and improve business supports to meet the needs of businesses.

Driving agility will be key to future competitiveness and this can only come from innovation. A key consideration in this process is defining clearly which systems are specific to each plant or operation and which systems can be harmonised across the entire business. Having more systems harmonized enterprise-wide will support better sharing of best practices, faster innovation, reduction of myriad local legacy applications and enhanced plant system security. By deploying tried and tested portfolio transformation processes, it is possible to turn this program into a highly beneficial exercise.

Example of pre digital diagnostic business objective assessment (CGI 2020)

Objective / Action	Resilient production	Greater agility	Automation	Cost reduction / profitability	Investment	Timescale
Data infrastructure	**	***	***	*	Medium	Medium
Process harmonisation	***	***	**	*	Large	Large
Decision making	**	**	***	***	Small	Small
Risk-based allocation	***	*	*	*	Large	Medium
Smart Manufacturing Infrastructure	**	**	**	*	Small to medium	Small

* - Low impact; ** - Medium impact; *** - High impact

The Digitalisation of SME's in Ireland report set out some solutions to bridging the knowledge and technology gap as well as other issues and barriers leading to low rates of digital transformation in some traditional SME sectors in the Irish economy. For example **Initiative 1 – DigitalSME programme** targets traditional, low digital sectors – manufacturing, construction and some service sectors with a three step digitalisation process starting with a discovery or diagnostic tool (Digitalometer – online assessment) and DigitalSME Grants and Loans.

	Product Name	Brief Description	Potential Structure	Target
Initiative 1- DigitalSME	DIGITALOMETER	Interactive online platform for Irish companies to self-assess their level of digitalisation and generating suggested actions	<ul style="list-style-type: none"> User-friendly online interface; Key dimensions to be assessed: Sales, Management and Administration, Production and Organization 	Traditional SMEs
	DigitalSME GRANT	€5,000 grant to cover external resources for assessment studies and technical advice on digital solutions	<ul style="list-style-type: none"> Available to SMEs who have completed Digitalometer; Online application; Eligible expenses: consultancy fees 	
	DigitalSME LOAN	€25,000 to €1.5 MM Loans at advantageous terms to SMEs to provide funding for digital projects provided via Financial intermediaries	<ul style="list-style-type: none"> Loan guarantee scheme, with potentially a layered structure Available to innovative SMEs and/or SMEs with digital projects; Online application. 	

■ = Knowledge/awareness gap ■ = Financing gap

(DBEI 2019 – The digitalisation of SME's in Ireland- Models for Financing)

5.2 KNOWLEDGE APPLIED FROM DEVISE

Industry 4.0 Technology Audits - Regional Government of Cantabria

<https://www.interregeurope.eu/policylearning/good-practices/item/2611/industry-4-0-technology-audits/>

Technology Audits are important aspects in order to fix a global approach of the Strengths, Opportunities, Advantages and Weaknesses in order to start with the involvement of companies and specially in SMEs in a technological industrialisation specialisation. The technology audit gives the opportunity to SMEs to revise their current strategy and to focus on the next steps in order to implement a more developed strategy.

The pilot of a digital maturity assessment tool - as an online instrument to assess, improve and master the readiness of companies to go through their digital transformation journey and to measure progress, gauge maturity, and benchmark against peers in their industry/sector.

The diagnostic tool will offer companies from across Europe a free multilingual (English, Spanish, Basque, Bulgarian) software analytic tool linked to DEVISE outputs. It builds on avoiding the major weaknesses of similar assessment instruments, enlarging the scope offered

by other tools while considering the particulars of different business sectors. It will supply respondent companies with a personalised review of their digital transformation preparedness, needs and a suggestion for a benchmarked vision and action plan. The aim of this Action is to develop an Online Digital Diagnostic Tool that will allow SMEs in traditional Sectors self-assess their level of digitalisation and generate suggested actions.



5.3 ACTION DESCRIPTION

Action Title: Digital Maturity Assessment Tool (DMAT)

Target Area: SME's in manufacturing and related sectors in N&W Region of Ireland

Key Activities:

The pilot will be based on the elaboration of a beta version of a multilingual online tool that, based on a questionnaire, assesses digital maturity across 8 dimensions: "strategy", "culture", "organisation", "processes", "technology", "risk", "innovation", "customers and partners". The partners might also add an assessment of the financial capacity of companies to invest in digital tools and solutions as well.

The tool will allow 50 companies per participating partner across different low-tech and traditional industries/sectors (in Ireland manufacturing and engineering), company sizes and geography to map in depth their degree of digital maturity and key digital development areas. It will provide them with a detailed report on their current situation and industry benchmark details with a guideline on how to achieve the digital position they are keen to reach and how to craft a future-oriented digital vision. The tool will also be linked to the regional digital innovation ecosystem in all participating regions and cities offering possible solutions to match to the needs identified. The consolidated results from the benchmarking will also function as an overview for regional and local planning processes in participating regions and will help to test new approaches to boosting digitalisation, providing the planning authorities with evidence to underpin post-2020 policies and programmes.

This action is based on the technical and functional development of an online diagnostic tool for assessing the digital and innovation 'maturity' and needs of the SME's in the target traditional sectors. The tool will be a detailed questionnaire-based system that will be adaptable and responsive to the type of firm or sub-sector from which it is operating. However, the fundamentals of the resource will be the same for any firm seeking to get a digital

diagnostic and plan for future investment and development through Action 3 (see below) or through other support programmes or mechanisms for digitalisation or R&I support.

The pilot action is dedicated to elaborate and to test a Digital Maturity Assessment Tool (DMAT), within a local devoted web portal, that will allow companies from traditional sectors and low-tech SMEs/industries across Europe to assess their degree of digital maturity against 8 dimensions with free access to the results, a maturity overview and inspiration for a digital vision and a plan for digital transformation presented in a personalised report. It will signpost businesses to public institutions support for digitalisation.

Main objectives	Value brought by action to the region	Stakeholders & Partners roles and collaboration
<ul style="list-style-type: none"> ✓ Design and Develop online Digital Maturity Assessment Tool ✓ Sector insights and data to allow better technology and innovation planning and support; ✓ Provide SME's with self-assessment digital tool for tech audit and expert led advice on Tech Road Map / Digital Transformation strategy; ✓ Build repetitive success within sectors and clusters for digital/tech led agility in process and management. This will provide industry wide benefits over time through knowledge transfer and continuous improvement; 	<p>The main beneficiary of this Pilot action would be SMEs that complete the tool as it would help them identify how to progress their digital transformation and how to avail of supports through the Operational Programme administered through the Local Enterprise Offices, Údarás na Gaeltachta and Enterprise Ireland. The data and reports from the completed Digital Assessments would help PP2 and Economic Development agencies identify what type challenges and specific supports SMEs require when undergoing a Digital Transformation.</p> <p>The results of this Pilot Action will influence three Policies, the ROP, the Regional Spatial and Economic Strategy (RSES) and the Enterprise Plan 2025.</p> <p>The NWRA (PP2) is the managing Authority for the Regional Operational Programme (ROP) and two of the five priorities in the ROP are to</p> <ul style="list-style-type: none"> ●Enhancing access to, and use and quality of ICT ●Enhancing the competitiveness of SMEs 	<p><u>Project Partners</u></p> <p>PP2 – Northern and Western Regional Assembly</p> <p>PP5 – Fomento San Sebastian, Spain</p> <p>PP6 - Business Agency Association (BAA) Varna, Bulgaria)</p> <p><u>Irish Stakeholders</u></p> <ul style="list-style-type: none"> • Department of Business Enterprise and Innovation. • Enterprise Ireland • Local Enterprise Office • Údarás na Gaeltachta • ERNACT • NWRA

5.4 TIMEFRAME AND FUNDING

Action / Activity	Timeframe	Decision
A full Pilot Action proposal has been submitted covering the requirements for the development of the DMAT digital diagnostic tool	December 2020 – February 2021	
PP2 to work with PP5 & PP6 and regional stakeholders to design, develop and pilot a Digital Maturity Assessment Tool in each of the participating regions.	March – November 2021	
Develop evaluation report on the Pilot Action with recommendations on the viability for long-term use and potential sources of funding.	December 2021 – May 2022	

5.5 BUDGET BREAKDOWN FOR THE ACTION

Category of funding	Expenditure Amount
Salaries	NWRA salaries and resources for management and collaboration activities in relation to Action 2 and common actions to DEVISE administration, monitoring and reporting €21,000
Overheads <i>(Estimate of pro-rata costs for management)</i>	15% of salary costs for responsible personnel €3,150
Travel & Subsistence	Travel costs for NWRA and stakeholders to attend meetings. TBC (Costs covered by the NWRA)
External expertise	External Expertise to adapt and integrate the Digital Diagnostic Tool developed as part of the Pilot Action to be hosted on site of Economic Development agencies in Ireland. €5,000
TOTAL	€29,150

5.6 IMPACTS & VIABILITY

- This Pilot Action relates to design, development and delivery of a digital tool to support partners and client SME's to identify need and begin to scope appropriate digital solutions and technologies. Once developed and operational the tool (DMAT) will be tested with a minimum of each of the participating partner with a specific group of industries.
- The outcomes and impacts from resulting innovation and investment in new technology and digital solutions will drive competitiveness, agility and resilience within the SME base with the resulting improvement in the viability of the individual enterprise, the wider sector and the regional economy.
- Some of the viability and sustainability improvements from Action 2 will need to be considered in combination with outcomes from Action 3 (Digital Collaboration Platform) and the post diagnostic and collaboration phase when the digital investment is made by the SME.
- An evaluation report will be produced by each partner region to appraise the impact of the DMAT in the region and the value it offers to SMEs that have completed it and for policy makers. The evaluation report will have a recommendation if the tool would serve as a useful tool for long-term use or if there should be any modifications to the report.
- If the DMAT tool serves as a useful tool for SMEs and economic Development agencies, the potential for making the tool available to other industry sectors will be discussed with regional stakeholders. A report with the results and learning outcomes if the DMAT pilot will be produced by each partner to give stakeholders a comprehensive evaluation of the impact of the online tool.

5.7 MONITORING ACTIVITIES IN PHASE 2

The rollout and implementation of the DMAT diagnostic tool across the partner network will be monitored by NWRA and ERNACT and guidance and support for its integration into partner systems will be provided. Through-out the latter part of 2021 and 2022 quarterly progress and update reports on its take-up by target SME's and subsequent actions and investment (including Action 3 DCP participation) will be produced and shared among DEVISE partners.

Once the results of the tests are evaluated, and if success has been shown, the pilot will be integrated in the policy instruments addressed Enterprise 2025. The aim is to link the DMAT application into the local SMEs support funding schemes related to digitalisation as a first step. The DMAT will serve as an instrument to plan next activities in the funding schemes for digitalisation transformation as a pre-requisite at the beginning of these processes.

6 ACTION 3: DIGITAL COLLABORATION PLATFORM

6.1 RATIONALE

Following on from the analysis element of DEVISE (Action 2 - Digital Maturity Assessment Tool) there will be a need for knowledge and technology transfer to support innovating firms to (a) understand the digital or innovation journey they must embark on and (b) how that process is going to be implemented in the organisation. This will require a peer to peer collaboration framework to allow knowledge and solutions to be demonstrated to participating SME's. This two-way function where knowledge and solutions will be channelled from Technology led firms to innovating manufacturers and potentially contracts and supports flowing back to the digital/technology specialists will form the basis of the Digital Collaboration Platform action.

6.2 KNOWLEDGE APPLIED FROM DEVISE

In developing this action, PP2 (NWRA) and regional stakeholders took inspiration following the Staff Exchange to San Sebastian in February 2020 in which stakeholders from Ireland learnt about the 'Digital Training Programme for retail and hospitality' delivered by Fomento San Sebastian (FSS).

Good Practice From DEVISE project

Digital Training Programme for retail and hospitality sectors - Fomento San Sebastian (FSS)

<https://www.interregeurope.eu/policylearning/good-practices/item/2940/digital-training-programme-for-retail-and-hospitality-sectors/>

Fomento San Sebastian (FSS) is the public municipal company dedicated to the promotion and eco-social development of the city. One of its objectives is to improve the competitiveness, also through "digitalization", of local businesses in the retail/hospitality sectors. Among these initiatives, Digital Training programme, aims to promote the digital business culture among local retail-hospitality companies as well as to strengthen their competitive dimension through training activities.

It consists of an annual formative calendar that combines a) thematic training workshops on "digitalization" topics, b) Short training sessions dealing with specific topics, and c) showroom demos of digital tools. The contents are defined in collaboration with digital companies of the city and checked with representatives of the local Retail-Hospitality Associations in order to incorporate the formative needs of these sectors. It consists of economic grants addressed to local retail/hospitality companies for digitalization and ICTs implementation, as a tool to generate new business opportunities and foster digitalization processes. They cover costs of tech/digital investments done for implementation of ICTs solutions developed/designed by external providers.

6.3 ACTION DESCRIPTION

Action Title: Digital Collaboration Platform (DCP)

Target Area: SME's in manufacturing and related sectors in NW Region of Ireland

Outline of Action:

The Digital Collaboration Platform will support participating SME's to define their innovation or technology requirement or need and matched to a specialist Tech provider(s) in a Technology or Knowledge Transfer collaboration. In many instances the results from Action 2 (Digital Diagnostics) will support the development of the brief or specification requirements.

A framework of parameters for target sectors (Manufacturing, engineering, marine) will define the eligible host or receiving firm and the process improvement or digital solution required (using the Digital Diagnostic Tool).

On the provider side a set of defined technology, digital applications or expertise from which to draw will be set out in a database or prospectus. This will include ICT firms in the region with expertise in:

- ERP;
- robotics / smart automation;
- digital fabrication;
- VR/AR & AI;
- IoT & Big Data;
- Product Design;
- Cloud & virtual office; CRM etc

The action would generate a region wide collaborative forum of participants which collectively would form a Digital Collaboration Network that would grow and expand in size, scope and learning / digital application outcomes. The Platform will gradually evolve into a directory of regional specialists. The DEVISE website will contain a variety of supports and information including case studies and news features on the network and utilize real life projects as a means of pushing and educating the SME base of the benefits and possibilities of digital.

Delivery of Action 3:

The Digital Collaboration Platform will be delivered by the key stakeholder agencies that currently provide direct supports to the SME community including LEO's; Udaras; Enterprise Ireland; IT's and specialist training providers etc)

The DEVISE online supports will contain a searchable smart database of the target / defined sectors and technology applications. This will operate on match making basis where a simple contract or requirement is defined or on a collaborative innovation match-up where knowledge or technology transfer is the outcome but no contract for services.

Where the outcome or requirement for the participating SME is knowledge or training but no investment in a new technology or digital solution an Innovation Voucher can be used for compensating the ICT / Digital partner in the collaboration process.

Main objectives	Value brought by action to the region	Stakeholders & Delivery Partners roles and collaboration
<p>The main aim of this action is to have specific supports for the Digital Transformation of SMEs included in the next Operational Programme from 2021-2027</p> <p>Action 3 will drive innovation and digitalization in indigenous manufacturing SME's in region in line with key policy and strategy (RD&i; Smart Specialisation; Industry 4.0; Disruptive Technology application; Productivity & Competitiveness)</p>	<p>The current Regional Operational Programme 2014-2020 includes measures to support the growth and innovation of SMEs in the Border, Midlands and Western Region. While it will not be possible to delivery retrospective impact on the current OP there will be a future facing set of measures under the next OP 2021 to 2027 for Digital Transformation; Regional Innovation strategies; Industry / HEI Collaboration; Technology Transfer Schemes and other RD&i related activity focused on the SME base.</p>	<ul style="list-style-type: none"> • All HE partners • Údarás na Gaeltachta • ERNACT / NWRA • Enterprise Ireland • Local Enterprise Office

6.4 TIMEFRAME AND FUNDING

Action / Activity	Timeframe	Decision
<p>DEVISE Network collaboration workshops to scope and identify the target participants and technologies or digital expertise on which the DCP will rest.</p> <p>All activity and funding for Action 3 will commence in 2021 and remain valid until December 2022.</p>	<p>February 2021 to May 2021</p> <p>2021 and 2022 inclusive</p>	

6.5 BUDGET BREAKDOWN FOR THE ACTION

Category of funding	Expenditure Amount
Salaries	NWRA salaries and resources
Overheads	Website development costs and database development

Travel & Subsistence	Travel costs for NWRA and stakeholders to attend meetings
External expertise	Fund allocation for Innovation Vouchers estimated at €50,000 per annum (total €100,000)

6.6 IMPACTS & VIABILITY

- Action 3 represents the final piece of the DEVISE process when the participating SME moves to the investment stage and the integration of new technology and digital functions into their operation. This will become measurable by a range of standard financial indicators as well as productivity measures and other organisational objectives and targets.
- The outcomes and impacts from resulting innovation and investment in new technology and digital solutions will drive competitiveness, agility and resilience within the SEM base with the resulting improvement in the viability of the individual enterprise, the wider sector and the regional economy.
- Some of the viability and sustainability improvements from Action 3 will need to be considered in combination with outcomes from Action 2 (Digital Diagnostic) and the post diagnostic and collaboration phase when the digital investment is made by the SME.

6.7 MONITORING ACTIVITIES IN PHASE 2

In Phase 2 the Northern and Western Regional Operational will continue to support stakeholders with the development of supports and intelligence / learning outcomes from the DEVISE project.

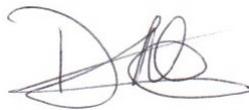
On behalf of the Northern and Western Regional Assmbly, I would like to confirm our support for the DEVISE Action Plan developed through the DEVISE project.

We agree, where appropriate, to promote and give assistance to the delivery and implementation of the projects and other activities as detailed in the...Action Plan.

I confirm that I have the required authorisation of to do so and that the required authorisation process of has been duly carried out.

On behalf of:

Signed:



Name:

Denis Kelly

Position in Organisation: Assistant Director

Date:

25th February, 2021



Northern & Western Regional Assembly

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