



**Final Report Peer-review:
Shaping the Hessen
Digital Transformation Support Landscape**

**Peer Review hosted by
Ministry for Economic Affairs, Energy, Transport and Housing –
State of Hessen
(HMWEVW)**

HESSEN



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1. Introduction: why we needed an interregional peer review in Hessen

Like other European regional government institutions, the Ministry for Economic Affairs, Energy, Transport and Housing – State of Hessen (HMWEVW) is grappling with how best to support our SMEs in addressing the challenges posed by the digital transformation to remain competitive in a global market.

While we were aware that, overall, we already had quite a few key support schemes in place, we were not sure how well these were working together to create a comprehensive support ecosystem without any large missing pieces. Also, we considered it a particular challenge how best to interlink support schemes designed to foster technology development with support schemes focusing on necessary capacity-building in SMEs. Thus, we were keen on convening with European experts to discuss tried-and-tested ways of, as well as new ideas for, supporting SMEs in mastering the digital transformation, profiting from their “outsider” or “bird’s eye” view on the specific situation in Hessen, and learning about best practice experiences made in other parts of Europe.

2. Our policy challenge

Digital transformation in Hessen companies appears to be moving at dissimilar speeds. On the one hand, relevant studies show, for instance, that 23 % of Hessen businesses consider their internal processes to be highly digitized, and 27 % report a very high degree of digitization in their product and service portfolios. Many companies report positive results of digital transformation processes, such as efficiency gains (time, materials, energy), the development of innovations, and the build-up of new know-how. At the same time, though, very small companies in Hessen lag behind in their degrees of digitization. Many companies are wary of the time, effort, and financial investment required for pushing digital transformation and worry about issues like IT security. Needs for support reported by very small companies in particular include reliable, independent, qualified consulting; financial support not only for equipment but also for manpower to take charge of steering digital transformation processes in the companies; low-threshold and fast funding application procedures; training; a broad range of eligible uses for public funds to fit the companies’ individual choices.

In the face of this situation, the Hessen regional government, notably HMWEVW itself and the new Department of the Minister of Digital Strategy and Development (HMinD) within the State Chancellery of Hessen (established in 2019 to foster digitization in the State of Hessen), have developed and are in charge of a range of policy measures addressing SMEs. These policy measures, designed to support the companies in mastering digital transformation challenges, are funded by a mix of ESIF (ERDF and ESF) and regional government (federal state, i.e. “Land”) funds. The support schemes address the needs for information and counsel, financial needs, and needs for practical / organizational support, offering funded consulting, online digital maturity audits, grants for feasibility studies, knowledge and technology transfer, start-up support, grants for equipment and digital skills training, funding for cross-company training centres and for training courses for apprentices.

Looking at this diversity of support schemes, which had been added on to by different units in different ministries over time, we found we had some open questions and unsolved problems, which we wanted to address with experts from other European regions:

1. Which are the key needs / areas of intervention SMEs would like to see addressed related to the digital transformation?

2. Which particular types of support to SMEs have been / are currently being offered in other regions? What are the respective merits and pitfalls and what has proven particularly fruitful?
3. Specifically, with a view to the consulting offers already active in Hessen: do they sufficiently address all the digital transformation questions relevant to SMEs? Is there a need for longer-term coaching offers?
4. Which, if any, are the obvious “missing pieces of the puzzle” in the current Hessen SME digital transformation support landscape?
5. Cross-cutting questions:
 - a) How can technology issues and capacity-building issues be interlinked and addressed together?
 - b) Who (individuals or organisations) would be the consulting experts best able to translate questions of technological transformation in SMEs into capacity-building questions (i.e., which skills need to be developed; how to identify suitable training offers, etc.)?

3. Peer-review participants

We were able to take up these questions with a select group of European experts, guided by the Interreg Europe Policy Learning Platform Team. Our discussions were also enriched by the participation of representatives from a few key regional stakeholder organisations. The group were greeted by Erwin Siweris, Director of the Interreg Europe Joint Secretariat, and by HMWEVW State Secretary Dr. Philipp Nimmermann, whose words of appreciation for the peer review opportunity are available on the Interreg Europe website ([link](#)).

Host: HMWEVW / Hessen Regional Government

- Dr. Ulrike Niedner-Kalthoff, Peer Review Coordinator (HMWEVW IV 4)
- Claudia Knobel (HMWEVW IV 4)
- Dr. Marei Waidmann (HMWEVW IV 2)
- Jan Oliver Schmitt (HMWEVW IV 3)
- Dagmar Meinen (HMWEVW I 1)
- Nicolas Bongs (HMinD D 1)
- Sebastian Köster (HMinD S 3)

Peers

- Alo Lilles, Chief Specialist in Business Development, Tartu City Government (Estonia), Partner in Interreg Europe projects Inno Infra Share, Innova Foster, RELOS3
- Ana Isabel Vitórica Leoz, Ikanos project director, Basque Government (Spain)
- Jorge Muyo, Innovation, Technology Development and Industrial Entrepreneurship Regional

Manager, Regional Government of Cantabria (Spain), Partner in Interreg Europe project DEVISE

- *Ger van den Kerkhof, Senior Account Manager EU Affairs, Flanders Make, Flanders (Belgium) (excused)*
- Peter Keller, Head of Department, Managing Authority of Economic Development Programmes, Ministry of Finance (Hungary)
- Zoltán Bendo, Expert on behalf of the INNO PROVEMENT (Interreg Europe) partnership
- Helena Deane, Project Executive at WestBIC Business and Innovation Centre, Galway County (Ireland)

Regional Stakeholders

- Dr. Thomas Niemann, Hessen Association of Chambers of Industry and Commerce
- Dr. Christoph Gelking, Hessen Association of Chambers of Crafts
- Dr. Natalie Frickel-Pohl, Union of Hessen Business Associations
- Liv Dizinger, German Trade Union Confederation, Hessen-Thüringen chapter
- Sascha Gutzeit, RKW Hessen Business Rationalization and Innovation Centre
- Phillip Bausch, SME 4.0 Competence Centre

Interreg Europe Programme

- Erwin Siweris, Director of the Interreg Europe Joint Secretariat
- Ilaria Ramaglioni, Policy Officer

Interreg Europe Policy Learning Platform

- Thorsten Kohlisch, Project Manager
- Luc Schmerber, Thematic Expert, SME Competitiveness
- Mart Veliste, Thematic Expert, SME Competitiveness

4. Policy recommendations

The policy recommendations were elaborated in a structured process following several steps: the introduction to the current situation and the policy challenge by the host was followed by additional insights into the Hessen landscape of SME support organizations and into predominant digital transformation challenges for SMEs provided by the regional stakeholders. The peers then introduced their regional situations and regional approaches to supporting SMEs in the digital transformation, putting particular emphasis on best practices and taking into account the set of questions posed by the host. In several successive rounds of discussion, through collecting best practices across regions and highlighting similarities as well as differences, the following recommendations for the host were derived, clustered around the original policy challenge questions:

RE: 1. Key areas of intervention to be addressed

- use innovative/entertaining means to raise awareness of both the opportunities of going more digital and the existing support offers, e.g., case studies/testimonials and open doors at selected companies
- individualize support to tailor it to the specific needs of a specific company, taking into account size, sector and other characteristics, remembering also that full digital maturity is not the optimal goal for every company and that what is needed may not be readily available for purchase from solution providers on the market
- implement step-by-step approaches, using (even small) pilots within businesses, in order to build trust and acceptance among staff members
- include a step calculating costs and benefits of digitalization for a specific company before entering into a support programme to increase commitment of the businesses to digital transformation projects and refrain from projects with a poor cost/benefit ratio
- try sector-related challenge-based approaches bringing together all relevant stakeholders (open innovation challenges) to help foster necessary transformations (market pull approach rather than technology push)
- for capacity-building, foster changes via dedicated persons in the companies as a very effective way to help SMEs engage in digital transformation processes (promoters / tech advocates / agents of technology transfer)

RE: 2. Good practice approaches from other regions

- Digitalization voucher aimed at manufacturing companies (inc. digitalization audit) [Estonia]
- Challenge-based approach [Cantabria]
- [Ikanos](#) digital skills profile system [Basque Country]
- [Online Trading Vouchers](#) [Ireland]
- [Skillnets](#) [Ireland]
- Data2Sustain EDIH [Ireland]
- [Modern Model Factories / Night of Industry 4.0 model factories](#) [Hungary]
- [High Growth Companies](#) project [Hungary]
- [Bind 4.0 Acceleration](#) [Basque Country]
- [Cleveron Academy](#) [Estonia]

- Reward-based tax incentives [Ireland]
- [Health Innovation Hub](#) [Ireland]

RE: 3. Consulting/coaching

Consider the benefits of having the companies undergo audits as a prerequisite of receiving funding (though for smaller support schemes it might be preferable to keep them optional):

- ensures a realistic chance of technological and economic success of the project and avoid wrong investments
- reveals the initial maturity level of the company and allows to track progress and impact generated by the measure (important also for public spending evaluation)
- enables guiding the company towards the most suitable support

RE: 4. Missing pieces

The peers agreed that the support landscape in Hessen is quite comprehensive and well suited to fostering the digital transformation of the economy.

Beyond this, the peers recommended that the host explore the opportunity to intensify work on developing **ecosystem-related practices**, with the aim to reinforce connections among the local players and foster peer-based learning dynamics. Useful approaches could be, e.g., annual events involving relevant stakeholders, and peer learning opportunities (through fostering structures like the Irish Skillnets, inter-cluster collaboration, and regular discussion tables with companies from various sectors).

RE: Interlinking technology and capacity-building issues

Promising solutions to look into:

- [Funding network managers](#) (Germany) – a person that helps to develop innovation roadmap for 5-7 companies
- Agents of transformation (Ireland) – address a specific person in a company (employee who will take greater ownership)
- Students and graduates – introduce young talent to SMEs
- Calls where both technology development and capacity building (upskilling) are eligible costs (Hungary) – not mandatory, but companies will achieve a higher score if they include „soft issues“ in the application
- Campus-like initiatives (Basque Country)

Explore the possibility of creating a one-stop shop approach to seamlessly integrate the support offers of different organisations.

5. Conclusions and follow-up

The peer review process has been extremely inspiring and valuable. We have very much appreciated the hands-on and candid discussions and being able to learn from the peers' experiences as well as share our own. After the workshop, we were also able to follow up bilaterally with some of the peers on individual policy schemes to learn even more about their inner workings.

It has been good to know that there seem to be no major missing pieces in the Hessen support ecosystem but that there is room for improvement, especially in terms of optimizing awareness-raising and interlinking between existing offers.

In taking up recommendations, we will initially focus on ways of enriching existing support schemes rather than on creating new ones because regional funds are currently routed to more immediate covid crisis relief and rebuilding measures to a significant degree:

Recommendation/to-do	Policies / policy instrument(s) / Support scheme (s) addressed	Units, organisations and/or stakeholders involved	Steps to be taken (time frame)
1. Check possible integration of Skillnets-type services in the existing Hessen Continuing Education Database & Platform (particularly clustering of companies' capacity-building needs and matching with training offers and easier identification of digital competence related training offers)	Continuing Education Support Structures	HMWEVW IV 4, Weiterbildung Hessen e.V. (<i>Continuing Education Hessen Association</i>)	<ul style="list-style-type: none"> • Learn more about Skillnets in bilateral meeting with Irish experts (April 2021) • Confer with Weiterbildung Hessen to assess feasibility of integration (Oct. 2021) • Determine funding needs, if any (Dec. 2021) • Execute integration, if possible (Dec. 2022)
2. Check how parts of the "DIGI" support scheme ecosystem can be fine-tuned for more tailor-made support (differentiated, e.g., according to company size, sector, degree of digital maturity...)	DIGI-Check, DIGI-Grant	HMWEVW IV 3, IV 4, HTAI	<ul style="list-style-type: none"> • Undertake joint brainstorming on needs and potential for differentiating support (early 2022) • Each head of programme: assess need for and feasibility of adapting

			<p>programme guidelines and procedures accordingly (early 2022)</p> <ul style="list-style-type: none"> • Execute adaptations as desired and feasible (individually, depending on time frame for next programme call, starting May 2022)
<p>3. Check how regional networks can be strengthened to support their efforts in furthering the digital transformation of companies (process consulting and organizational consulting, knowledge transfer and technology transfer)</p>	<p>House of Digital Transformation and others</p>	<p>HMinD S 3, regional digitization networks like House of Digital Transformation e.V. and RKW Hessen</p>	<ul style="list-style-type: none"> • Establish round table of Hessen regional digitization networks (July 2021) • Organize further networking events (throughout 2021 and 2022) • Agree on ways of joint awareness-raising and modes of collaboration (end of 2021)
<p>4. Check whether digital skills profiles similar to those used in Ikanos can be taken up in the “DIGI” support ecosystem</p>	<p>DIGI-Check, DIGI-Grant</p>	<p>HMWEVW IV 4, IV 3, HTAI</p>	<ul style="list-style-type: none"> • Learn more about Ikanos in bilateral meeting with Basque experts (April 2021) • Meet among heads of programme to assess need for and feasibility of adapting programme guidelines and procedures accordingly (early 2022) • Execute adaptations as desired and

			feasible (individually, depending on time frame for next programme call, starting May 2022)
5. Check which offers might be missing that specifically target companies new to digitization (e.g., offering more early information and guidelines on the chances of digitization and basic topics like business models, IoT, etc.).	To be identified	HMWEVW, HMinD, HTAI, WIBank, RKW Hessen, Chambers and other DIGI- Stakeholders	<ul style="list-style-type: none"> • In depth analysis of DIGI-Check results and DIGI-Grant evaluation (until March 2022) • Discussion with Stakeholders on findings and their own experiences (March 2022) • Execution and implementation in DIGI-Activities of HMWEVW (2022)

Finally, we would like to thank our peers again for generously sharing their time, experiences and insights. Thank you also to our regional stakeholders for supporting us in giving a rich account of the situation and needs in Hessen. And, last but not least, special thanks to the great team from Interreg Europe, who guided us through the peer review in a very competent, cheerful and hands-on manner. We definitely recommend the peer review service to any European regional policymakers!

