European Commission

Euromed meeting on Enhanced Sectoral Cooperation

Smart use of ICT and the integration of SMEs in industrial value chains

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Why ICT matters

- ✓ ICT is key enabler of competitiveness and innovation;
- ✓ SMEs grow twice faster when they embrace the Digital economy
- ✓ For every job destroyed by the emergence of the Internet, 2.6 new jobs were created
- ✓ More than 75% of the value added created by the Internet is in traditional industries.
- ✓ EU SMEs underexploit the great potential of ICT-enabled innovations.
- ✓ The Commission is set to improve the efficiency of the EU business environment through smart use of ICT.

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The eBSN: eBusiness Support Network for SMES

✓ **An Open Method of Policy Coordination;**

✓ **A network of 200 national and regional policy makers, academics and industry experts from 32 countries**

✓ **To exchange experiences and co-ordinate policies on how to promote the competitiveness of SMEs through smart use of ICT**

✓ **To shape policy trens and identify actions of EU added value.**

e-BSN: The e-Business Policy evolution

First phase 2000 – 2003

Policies sponsoring basic ICT infrastructure and Internet Connectivity

Second phase: 2004 – 2006

Towards policies to stimulate the innovative potential of SMEs.

They promote innovative business models enabled by ICT and eBusiness.

Third phase 2007 – today

Towards smart use of ICT in industrial value chains. Help SMEs connect better to the digital economy and participate in global digital supply chains.

Source for further information: http://ec.europa.eu/enterprise/e-bsn/index_en.html

The EU initiative "Smart use of ICT and integration of SMEs in industrial value chains": policy context

- **The EU2020 flagship initiative "Industrial policy for the globalisation era":** *"International value chains become interconnected the innovative use of ICT for industrial competitiveness and innovation becomes of strategic importance. Demonstration projects pan-European scale will enable the full integration of enterprises, especially SMEs in global digital value chains."*

- **The Communication "Reaping the benefits of electronic invoicing for Europe":** *"get SMEs connected in the digital world through the development of interoperable processes and standards along supply chains."*

- **The Small Business Act for Europe recognises the importance of information technologies for SMEs competitiveness**

The Challenge

- **The first step for SMEs towards the Digital economy is to establish own Web presence...but this is not enough!**
- **Industrial value chains become increasingly sophisticated and global.**
- **New business trends creating opportunities and threats.**
- **Fragmented eBusiness environment: proliferation of incompatible business models and technological solutions**
- **SMEs risk exclusion from the global digital supply chains**
- **The <u>competitiveness of SMEs depends strongly on their capacity to connect better to larger enterprises via ICT</u>.**

The Objectives

- **modernise industrial value chains via ICT**

- **connect better SME to larger business partners**

- **facilitate SMEs integration into global value chains;**

- **enable SMEs to become international business partners;**

- **catalyse an innovative, seamless eBusiness environment**

Benefits for all

For SMEs:

- facilitating the entry into the market of new, dynamic players, on fair terms;
- strengthening business relations between SMEs and larger companies;
- streamlining business processes and improving business transactions;
- increasing returns on investments in ICT and innovation;
- reducing costs, administrative overheads and errors;

For larger enterprises:

- increasing their innovation capacity by partnering with other innovative SMEs;
- increasing customer satisfaction through more flexible, personalised services;
- shorter time-to-market;

For the economy and the society:

- promoting a more dynamic, innovative and competitive economy;

Smart use of ICT and integration of SMEs in industrial value chains: Actions

- **In the fashion industry (http://www.ebiz-tcf.eu)**
  - 150 companies reference in the sector and over 4.000 companies touched
  - cost reductions of the order of 65% for certain business transactions
- **In the automotive industry - Auto-Gration (http://www.auto-gration.eu/)**
  - VDA issued official recommendation to apply the AutoGration architecture;
  - MoU to be signed by major automotive industry stakeholders;
- **In the transport and logistics sector – DiSCwise (http://www.discwise.eu/)**
- **For a better connected tourism value chain**
- **For a better functioning food supply-chain**

The tasks of the demonstration actions

The demonstration actions provide:

– **Market analysis**

– **Framework for interoperability**

– **Demonstrators and pilots**

– **Governance model for the maintenance and evolution of the framework after the end of the demonstration action**

– **Awareness raising and dissemination actions**

– **final conference**

Market analysis

- **current state of play and rate of adoption of ICT solutions for B2B transactions**
- **analysis of the challenges and main barriers (technical, legal, organisational etc.)**
- **existing ICT standardisation work**
- **important ICT B2B solutions used by operators in the tourism value chain**
- **interoperability challenges among existing ICT solutions and systems**
- **other remaining technical and organisational challenges and gaps to be bridged by future ICT solutions**
- **foresight business scenarios**
- **impact assessment of ICT in the structure and market dynamics of the tourism value chain**
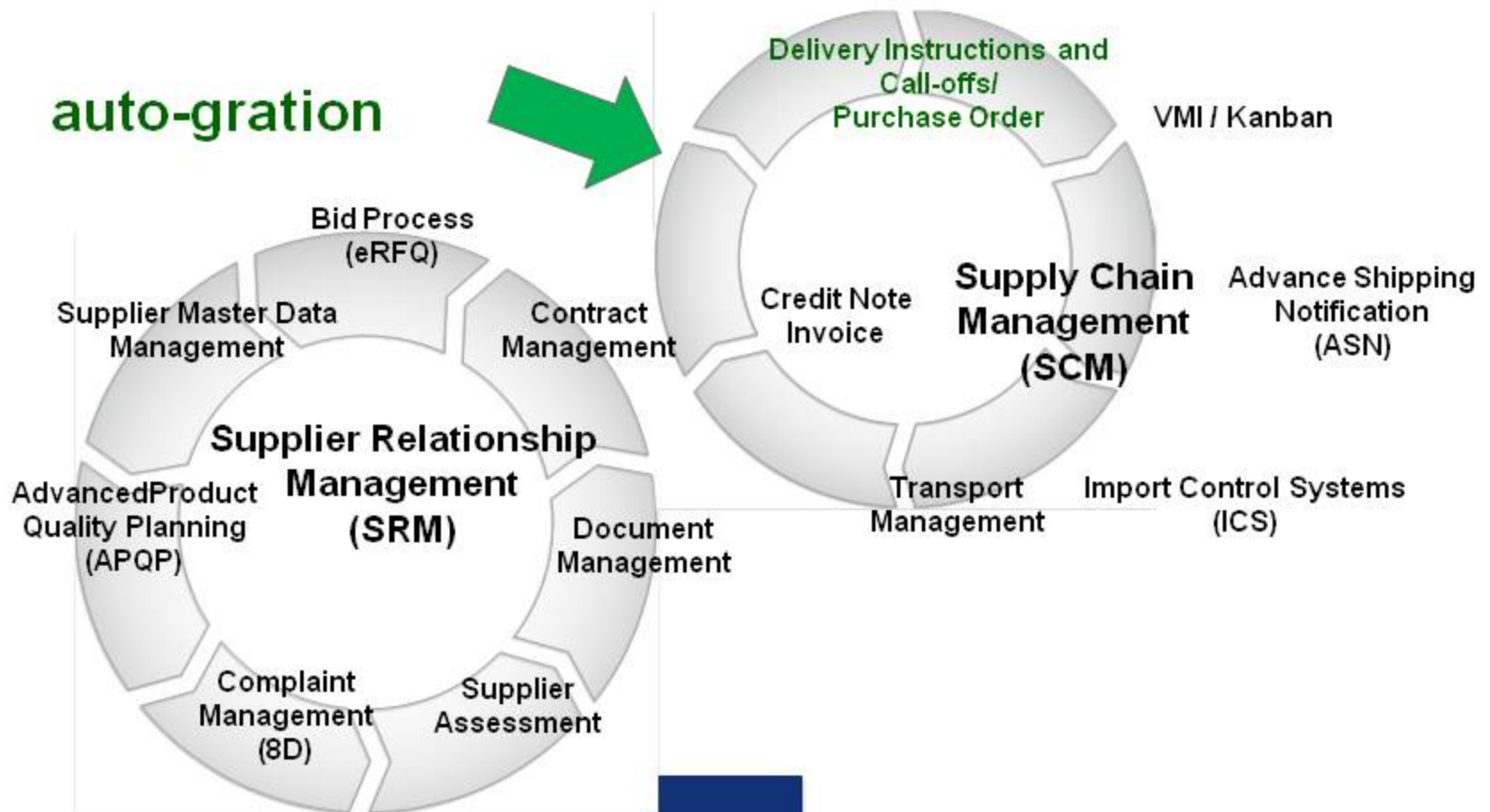
A Common Framework for interoperability

- **set the principles and rules for interoperability among business processes and data exchange models**

- **allow for seamless, paperless information and data flows underpinning B2B transactions**

- **demonstrate how to achieve interoperability among different ICT solutions, systems and infrastructures at cross-border level.**

- **based on existing standardisation work and on new technical specifications and processes, where gaps exist.**

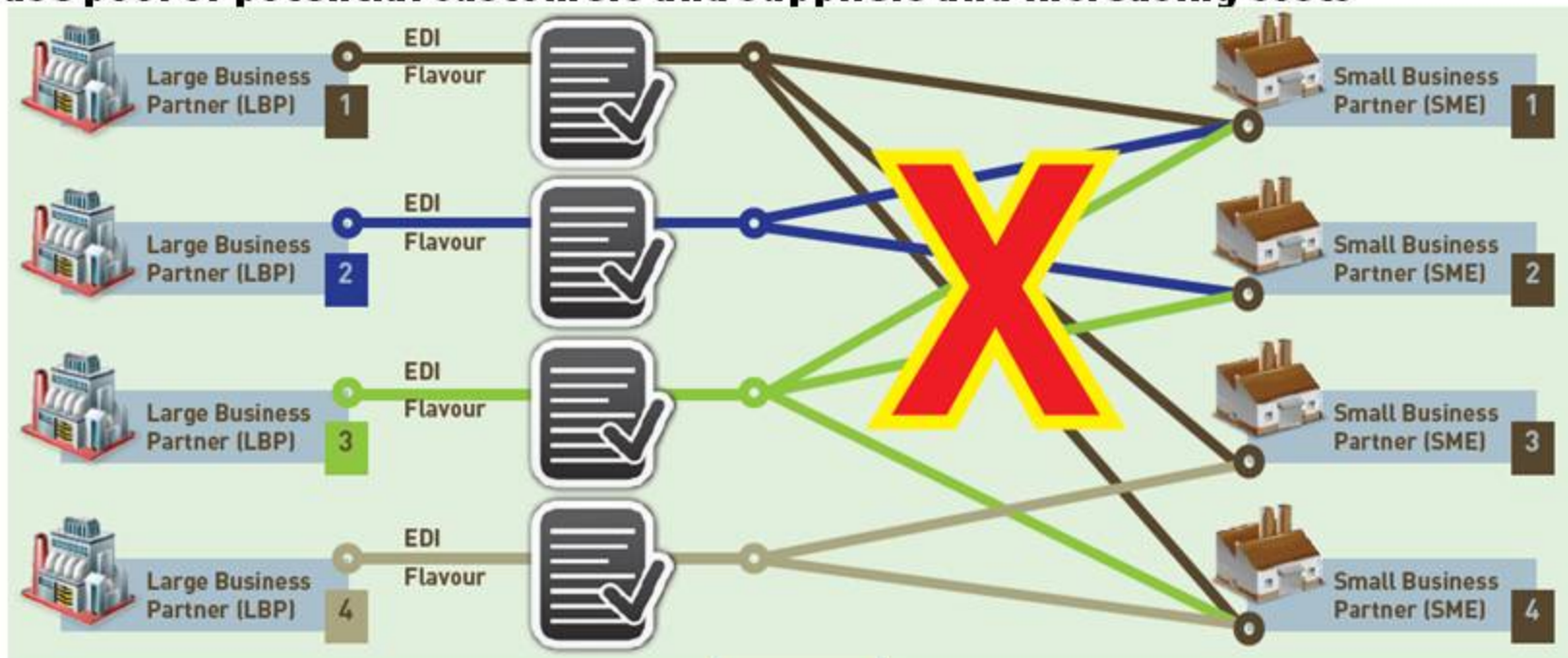# Involvement of ESOs and technical specifications consortia

- **Take stock of existing standards and technical specifications**

- **Ensure an open, inclusive and transparent procedure**

- **Wide consensus among the industry players**

- **Shape a governance model for the evolution and maintenance of the frameworks for ICT interoperability, after the end of the actions**

- **Efficient and broad dissemination of results among the industry players**
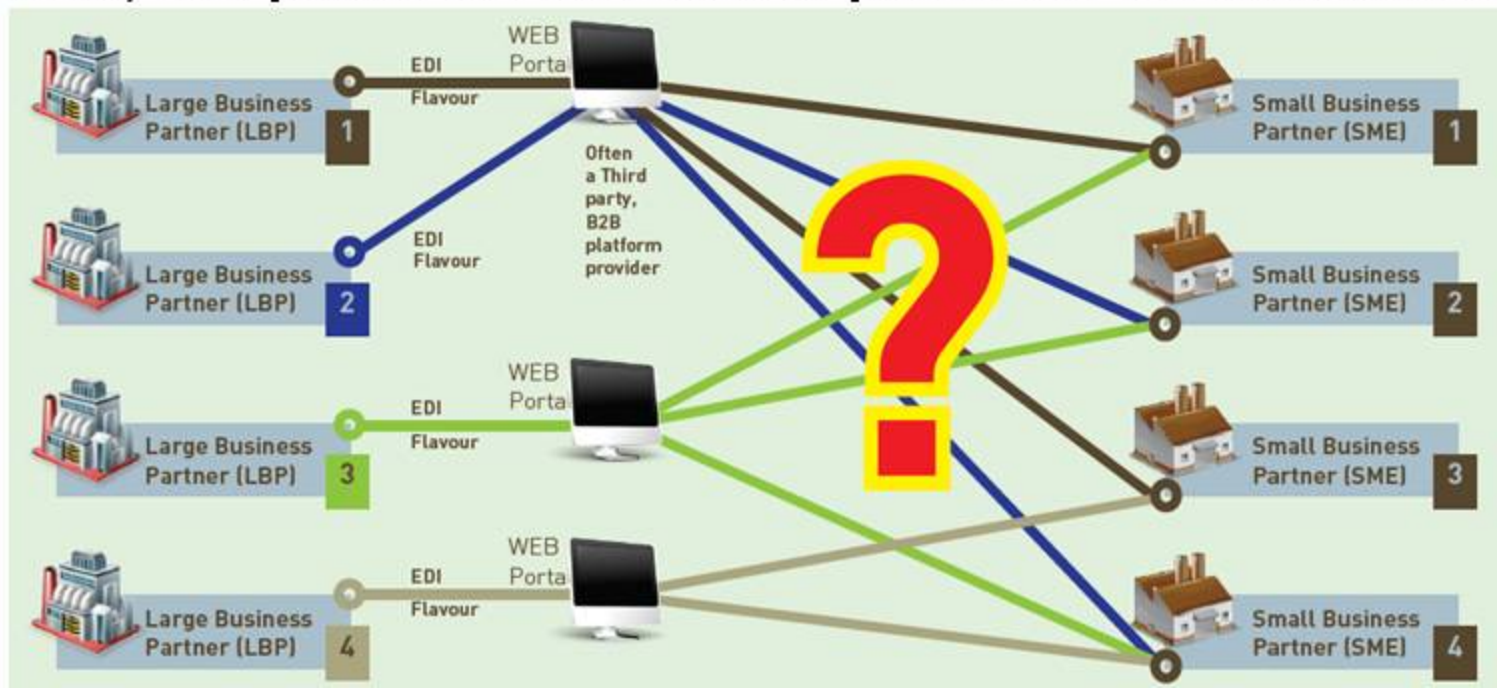
An example: SME Integration in the automotive SC

auto-gration

Supplier Relationship Management (SRM)

- Bid Process (eRFQ)
- Contract Management
- Document Management
- Supplier Assessment
- Complaint Management (8D)
- AdvancedProduct Quality Planning (APQP)
- Supplier Master Data Management

Supply Chain Management (SCM)

- Delivery Instructions and Call-offs/ Purchase Order
- VMI / Kanban
- Advance Shipping Notification (ASN)
- Import Control Systems (ICS)
- Transport Management
- Credit Note Invoice

The challenge for SMEs

✓ SMEs must use a EDI system acceptable by their business partners;
✓ Different organisations often use different EDI systems, often forcing companies to support several ones;
✓ very few SMEs are connected as costs of doing so are too high
✓ The existence of many EDI systems complicates business processes, reducing the base pool of potential customers and suppliers and increasing costs
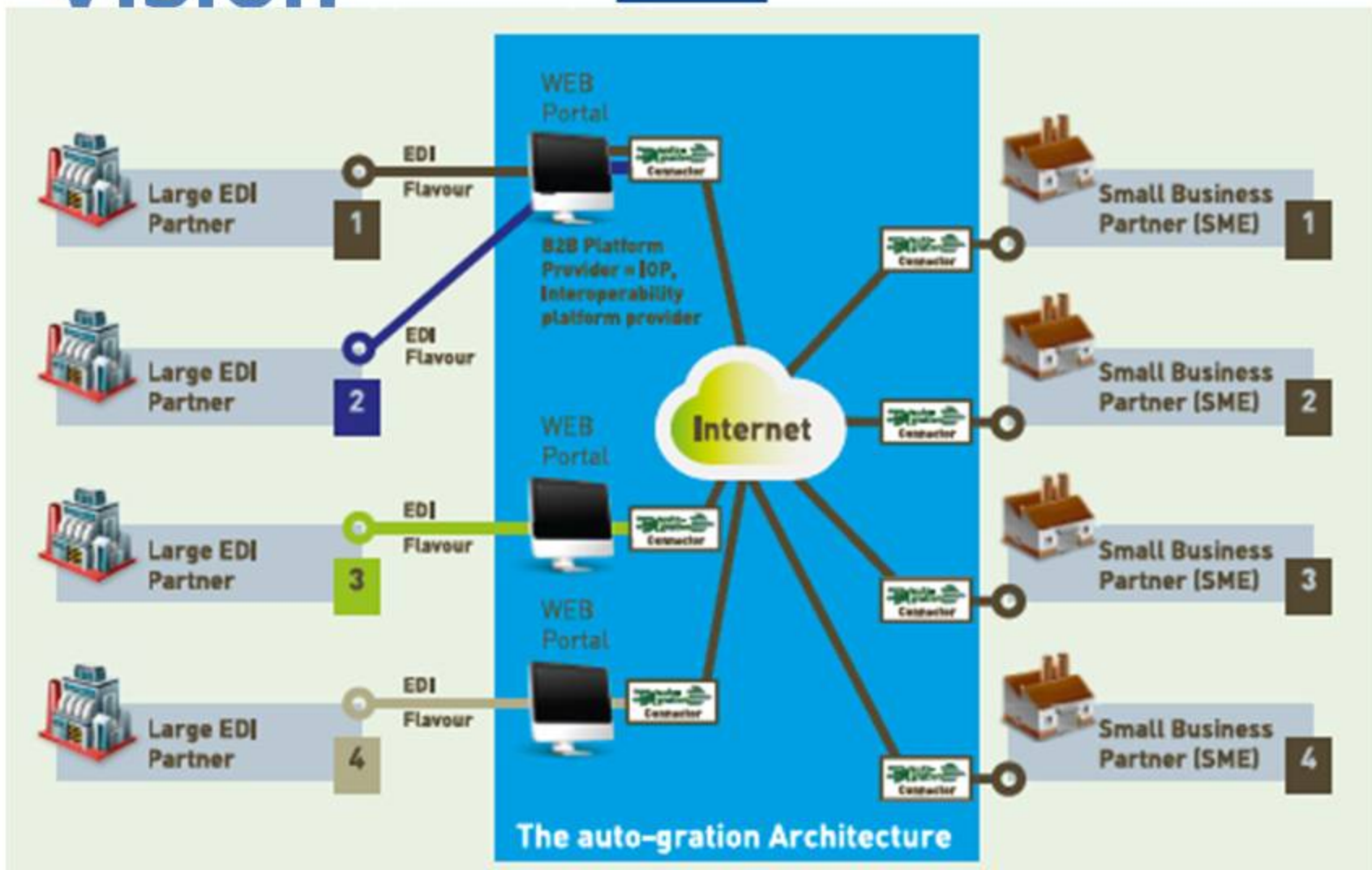
The Importance of B2B Platforms

✓ **Current portal applications alleviate the problem, but:**
- **The B2B portals are often connected with manual data input and processing, creating new workload rather than reducing existing one**
- **Different portals means different layouts and processes, complicating use**
- **Integrations between existing B2B service providers are few, if any**

✓ **However, B2B portals are an essential part of the EDI infrastructure!**

Vision

The auto–gration Architecture

Industry leadership

✓ **VDA issues official recommendation to adopt auto-gration for their SME E-Invoicing solution**

✓ **VW explores implementing auto-gration for finacial and logistics messages**

✓ **BMW invoicing**

✓ **Skoda Auto asked their service provider teledin to offer the auto-gration solution to interested WebEDI users**

✓ **Renault for logistics and catalogue data**

The Future of auto-gration

✓ **Maintained by a joint auto-gration forum consisting of CLEPA, FIGIEFA and Odette**

✓ **Extended to suit additional business processes**

✓ **Part of best-practice recommendations of Odette and its national organisations**

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Thank you for your attention!

For more information:
http://ec.europa.eu/enterprise/sectors/ict/ebsn/digital_supply_chains/index_en.htm

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