

Summary of Roundtable discussion

Digitization: the key to the success of small and medium-sized enterprises in the CEE?

On March 2, 2022, another event of the [League for Digital Boost](#) took place. The roundtable discussion was organized this time in cooperation with the Polish ZPP association, which is a member of the League. The aim was to identify the main obstacles to the digitization of SMEs and to propose recommendations for policy-making.


Katarzyna Kurek of the Consumers Forum Foundation, Horst Heitz, Secretary General of SME Europe, and Martin Nowacki, President of the Enterprise Alliance, accepted the invitation.

The event was opened by a video speech by MEP Josianne Cutajar. She identified three main instruments to support the digitalisation of SMEs: a coherent strategy, a policy framework and operational tools. The main strategy can be considered the in 2020 adopted SME Strategy, which contains guidelines for accelerating the digital transition. The policy framework is set by the European Digital Decade 2030 program, which provides a benchmark for comparing progress between countries; finally, the European Digital Innovation Hubs will serve as a practical tool to address the specific needs of SMEs.

Katarzyna Kurek emphasized the need to perceive digitization from the consumer's point of view, as it is the consumer who creates the demand for digitization. He is always looking for more cost-effective, affordable and convenient solutions, so digital transformation is an inevitable trend for the SME segment, although the countries of Central and Eastern Europe are still at the tail of digitization indexes such as DESI. However, in addition to providing the service, it is important to ensure adequate protection and transparency of data usage, intellectual property and cyber security.

Horst Heitz emphasized the need for effective coordination of European, national and local levels of support and the interconnection of diverse projects and programs, as well as the need to create public-private partnerships. The problem for many SMEs is not being able to keep pace with digitalization happening in the supply chains in which they are involved.

As one of the main obstacles to successful digitization, Martin Nowacki named the lagging behind of the state itself in digitizing its own administration. Providing digital access should be a starting point for creating new or innovating existing state services. The example of Estonia, whose digital transformation has been the engine of wider economic transformation, is particularly inspiring.



Another shortcoming is the lack of or imperfect infrastructure: while cities have innovative hubs, rural SMEs have significantly less supporting services or the availability of high-speed internet.

On the other hand, the opportunity for SMEs is to expand abroad through digital transformation, as digital businesses are not constrained by geographical boundaries. The advantage of knowing the local market and personal relationships can be transformed into the advantage of knowing the global customer through data and product customization.

There was also a discussion about the possibilities of state support. There was a consensus that the state should not be an active actor, but should build support services, infrastructure, support communication between actors and set up motivating legislation. Tax relief for companies investing in digitalisation has been cited as a good example. The state could also motivate companies to share know-how and experience. Specific measures included visas for digital nomads, which some countries have already introduced in an effort to attract and retain global talent. A clear setting of objectives at political level, the achievement of which will be monitored similarly to environmental objectives, could also help. First and foremost, however, the state must eliminate unnecessary bureaucracy, which unnecessarily burdens SMEs and deprives them of the capacity for digital transformation, which also requires some investment. At the same time, SMEs face many challenges today: in addition to digital pressure, there is pressure for green solutions and the coming inflation is also exacerbating the situation for this segment. Business resources therefore need to be managed very efficiently. In addition, the state has control over education, which needs to be fundamentally innovated: to support the development of innovative thinking and digital skills at all levels of schools, but also to develop lifelong learning and retraining. Otherwise, there is a risk of brain drain, as competition for talent between regions and countries already prevails today. In this regard, it is also necessary to relax migration policies for the arrival of talent from abroad. Last but not least, the state can play a role in market education. However, it must be simple and accessible. A good way could be the presentation of case studies of successfully transformed companies and the introduction of digital tools that increase productivity and are easy to learn.

