



## ***Programme of work – Biennium 2021-22*** ***“SME digitalisation to build back better”***

**The COVID-19 outbreak is accelerating the digitalisation and the transformation of SMEs. Digitalised SMEs will be key to build back a better economy and society after the crisis.**

The COVID-19 crisis has stressed the need to accelerate SME digitalisation, to weather the storm in the short term, as well as for increasing resilience in the longer term and “build back better”. Social distancing imposed during confinement, workers kept home as schools closed doors, and the closure of many businesses requiring physical contact, often in sectors where SMEs are the majority (e.g. retail trade, recreation, hotels and food services etc.), have all highlighted the limits of non-digital business models. This also underlined the widening gaps in opportunities between those businesses that have a digital profile, or could rapidly shift to digital modes, and the digital laggards.

The Covid-19 outbreak and the rapid evolution in markets and business conditions provide both opportunities and incentives for SMEs to go digital. The rapid shift to digital tools across entire supply chains or ecosystems, the move to data-driven decision making models, the change in customer behaviour towards an “online first” search for goods and services might all have lasting effects on SMEs across sectors and geographies.

However, most small businesses are ill prepared for a radical transformation on such a short notice. Gaps in digital capacity and infrastructure that existed prior to the outbreak remain, with rising threats on SME cybersecurity and data integrity. The increasing indebtedness of SMEs may pose challenges to the longer-term investments required to innovate, upgrade digital capacity, acquire new skills or reach out to new markets. Moreover, many entrepreneurs and SME employees are facing an extremely trying period, with serious consequences for their mental health and psychological well-being.

SME digitalisation is recognised as a priority by many governments, as they move from management crisis to structural reforms and design recovery packages. In recent years, across OECD countries, a large mix of approaches has emerged to unleash SME and entrepreneurs’ digital potential, while accounting for the great heterogeneity of the SME population and the diversity of their business ecosystems. The pandemic caused governments to look closely at this policy area, to ensure short term survivability of SMEs as well as to strengthen their digital prowess in the longer term.

The 2020 Programme of Work of the D4SME Initiative has focused on “SME Digitalisation in response to the COVID-19 crisis”, such as by advancing groundwork for empirical research to assess the e-commerce surge by SMEs, showcasing experiences of SMEs undergoing accelerated digital transition, and promoting knowledge exchange on increasingly important themes like teleworking and digital security. The 2021-22 Programme of Work will build upon this work to strengthen the understanding of how SMEs, large enterprises, business associations, and national and local governments are addressing digital needs in small businesses throughout the COVID-19 crisis and how they are preparing for a post-COVID environment. Along the three pillars of the initiative (Analytical research, Sharing SME experiences, and Network and policy dialogue activities), the work will aim to draw concrete lessons for policy makers and enable them to accompany the digital transition of diverse SMEs towards more resilient and sustainable business models.



## PILLAR 1 – ANALYTICAL RESEARCH

- **Inform OECD governments and the OECD research agenda on SME Digitalisation** through exchanges with D4SME partners and gathering the industry perspective on key issues. In 2021-22, attention will be placed on how to ensure SMEs benefit from the accelerated digitalisation of economies driven by the COVID-19 pandemic. The activity may focus in particular on effective strategies to build *digital capabilities in SMEs and on new digital-led business models emerging from the COVID-19 crisis*.
- **Produce analysis in cooperation with partners. Studies will be produced** with a possible country/regional and/ or sectoral focus on questions of particular relevance in a post-COVID context. These may include: *access to digital infrastructure by SMEs; impact of the pandemic on SME online presence and e-commerce practices, and on their management of digital risk; increased teleworking and new business models based on remote workers; effects of the crisis and accelerated digitalisation on mental health and well-being of entrepreneurs and SME employees*.

## PILLAR 2 – SHARING SME EXPERIENCES

- **Extend the reach of the databank of SME digitalisation experiences** in the midst of the COVID-19 crisis, increasing the country coverage, and broadening the type of SMEs covered (across sectors, sizes, geographies, etc.).
- **Focus on experiences and views of SMEs accessing government support** at national or local level – identifying the challenges, pre-conditions and effects of such programmes.
- **Showcase SME stories from the databank to give concrete, “real-life” representation to the insights of the analytical work of the OECD and D4SME, enable mutual learning among SMEs, and share inspiring experiences with the large public.** This will be achieved through different formats and communication channels, including SME blogs, interviews (i.e. continuation of the *Conversation with Small Business Owners series*), OpEd, and “video-profiles” of businesses.

## PILLAR 3 – NETWORK AND POLICY DIALOGUE

- **Organise (virtual or physical) workshops and webinars** on opportunities and implications for SMEs from emerging technologies (e.g AI, Blockchain, Virtual Reality), cross-cutting strategic themes (e.g. access to digital infrastructure, digital security), and on other topics of relevance that may be identified by D4SME partners during the biennium.
- **Organise a yearly D4SME High level Policy Roundtable.** Organise a yearly high-level event (virtual or physical, depending on the restrictions linked to the pandemic) bringing together all D4SME stakeholders, to deepen understanding on key policy topics for SME digitalisation, share knowledge and perspectives from diverse communities, and bring visibility to the multi-stakeholder dialogue..



## **Stocktaking of 2020 activities**

Three pillars underpin the development of the Initiative: Analytical Research, Sharing SME experiences, and Network and policy dialogue activities. In 2020, the main outcomes of the initiative were the following:

### **PILLAR 1 – ANALYTICAL RESEARCH**

The D4SME initiative aims to favour cooperation among different stakeholders to leverage broad expertise, different viewpoints, as well as novel data and innovative research approaches, which can result in collaborative research outputs (e.g. working papers on priority topics). In 2020, the OECD Secretariat worked with one of the private sector partners to lay the foundation for research cooperation on e-commerce activities by SMEs that will start in 2021. Leveraging original data, the analysis will aim to assess how the use of e-commerce platforms impact on SME sales, size, digital skills, shifts in business model and geographical reach. It will take into account different dimensions, such as the share of sales by geographical areas and product lines/categories, the role of SME geographical location (i.e. rural versus urban areas, large versus medium-sized and small cities) and the product or service features (i.e. high-tech versus low-tech products, heavy versus light cargos).

### **PILLAR 2 – SHARING SME EXPERIENCES**

The SME databank is growing as a collection of case studies of SMEs sharing their digitalisation journey. The database currently includes around 40 SME cases, across 18 OECD countries and 10 sectors.

In addition, by showcasing inspiring stories, the initiative provides individual SMEs the opportunity to illustrate their pathways to digitalisation, discuss key factors of success as well as persisting challenges, share views on the role of governments, large firms and other players in their journey and on what should different actors do, or improve, to enhance conditions for their digital transition. In 2020, the activity focused on business cases in which SME owners are using digital tools to stay afloat in the context of the Covid-19 outbreak and on how this “accelerated” digitalisation can impact SME business models and business conditions in the longer term. To this aim, the D4SME series *Conversations with Small Business Owners* was launched in June 2020 with the first case study, an Amsterdam based tourism SME. Case studies have been shared on the D4SME website and integrated in OECD analytical publications, including the “SME Digitalisation” report by the OECD Working Party on SMEs and Entrepreneurship (WPSMEE) to be published in February 2021.

### **PILLAR 3 – NETWORK AND POLICY DIALOGUE**

**The ‘SMEs: Go Digital and Go Home’ webinar was held virtually in June 2020.** The webinar discussed relevant cases of ‘accelerated’ digitalisation and how entrepreneurs have reacted to the crisis, as well as initiatives undertaken by governments and large private sector organisations to facilitate the digital transition



of smaller businesses, to do business in a “contactless” way during the pandemic, but also to engage in more long-term, sustainable changes in business practice. The panellists of the webinar included the Hon Minister Stuart Nash, Minister for Small Business New Zealand and Chair of the D4SME Global initiative, Ms Siobhan Cummiskey Director of Public Policy Campaign and Product Facebook, Professor Michael Luca, Lee J. Stysliger III Associate Professor Harvard Business School, and two SME representatives, i.e. Mr Didzis Dejus, Managing Director, Baltics 3D Ltd (Latvia) and Mr Tancrede de Lalun, Global Merchandising Director, Maison Margeila (France).

**The webinar on “Digital security and data protection in SMEs” was held virtually on October 2020.**

The webinar targeted SMEs and technical experts in the field of cybersecurity, as well as academics and practitioners. The webinar allowed the OECD Secretariat to present key findings from work on “Digital security and data protection in SMEs: key trends, issues and main policy approaches”, part of the activity on ‘Enabling SMEs to Benefit from Digitalisation’ of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE). The panellists of the webinar included Mr Aviv Abramovich, Head of Security Services at Check Point (Israel), Mr Steffen Maur, the co-founder and CTO of ATLAS Intelligence GmbH (Germany), Mr Benjamin Dean, the Cyber Catastrophe Research Lead at Hiscox (UK), Ms Annika Linck, Project Manager at the European DIGITAL SME Alliance, Mr Laurent Bernat, digital security Policy Analyst at the OECD, and Ms Jessica Hunter from the Australian Cyber Security Centre.

**The 2nd D4SME Roundtable on ‘SME Digitalisation and responses to COVID-19’ will be held virtually on 3-4 February 2021.**

This yearly high-level event, a corner-stone of the D4SME initiative, enables policy makers to engage in a multi-stakeholder dialogue with SMEs and entrepreneurs, large firms, experts and business associations. The February event will cover key themes in the context of the COVID-19 crisis, such as enhancing e-commerce/service delivery practices for SMEs, the role of digital technologies in ‘work from home’ for small firms and the increased importance of online presence (e.g. social media, own websites) for SMEs. A draft agenda, including a list of confirmed speakers, will be circulated in the course of January 2021.