



Policy implications of existing evidence on corporate R&D and additional evidence needed in view of new policy developments

Deborah Goll, European DIGITAL SME Alliance

d.goll@digitalsme.eu



European
DIGITAL SME
Alliance

45.000 SMEs in the ICT sector

24 National and regional associations from EU member states and neighbouring countries

12 Active Working Groups

150 Project proposals in which we have been involved

450 Experts involved in our Working Groups

Investing in Europe's twin transition

"Investing in and financing [the fair, green, and digital] transition is not just a financial decision; it is arguably the most strategic choice the EU can make to secure a significant competitive advantage on the global stage, while preserving and developing the social standards that Europe proudly enjoys."

Enrico Letta - Much more than a market (April 2024)

Digital SMEs' role in the twin transition

Digital SMEs are the enablers of Europe's sustainable digital transformation

- Deliver a "tailor-made digitalisation" within their local ecosystems
- design, develop, and deploy solutions that help reduce carbon emissions, mitigate climate change, or enable a more circular economy.

More info: <https://www.digitalsme.eu/sustainability/>

SMEs' R&D investments - insights



From the EU Industry R&D Investment Scoreboard 2023

- Among the top 1000 R&D investors from the EU, **180 (18%) were SMEs** (>250 employees)
- Among these SMEs, 62% invested in R&D for the **health** sector: 7,8% invested in **ICT Services**
- SMEs have a higher R&D investment intensity than larger firms (R&D per employee)

From the OECD SME and Entrepreneurship Outlook 2023

SMEs rely on **networks** (supply chain networks, knowledge/innovation networks, Strategic partnerships, clusters/DIHs) to increase their innovation capabilities, by:

- Increasing their knowledge / specialised knowledge
- Source R&D from external providers and partners
- Access R&D facilities
- Undertake R&D collaboration and other technology transfer and open innovation activities

SME's R&D , Scoreboard – Further considerations



- R&D barriers for SMEs: Costs of research, lack of internal knowledge, time to market, uncertainty ROI, lack of knowledge-based capital (e.g. data, patents, software)
- EU Scoreboard methodology: the data are taken from companies' publicly available audited accounts – depends on availability of SME's balance sheets
- Most SMEs do not engage in R&D (alone) and tend to rely on other mechanisms to carry out innovation activities
- For most SMEs, except the larger ones, R&D mostly happens in the development of new solutions and is not accounted as R&D.
- Micro-companies (less than 10 employees) are often not taken into consideration in research, whereas they represent 93% of EU companies
- **Measuring SMEs' innovation and R&D is very important**, but R&D expenditure alone is not a reliable metric

PILLARS OF THE DIGITAL SME Manifesto 2030

MASTERING DIGITAL INNOVATION

Leverage innovative companies, like digital SMEs, that enable digitalization across sectors

1

DOING BUSINESS IN THE SINGLE MARKET

improve conditions for innovators in the Digital Single Market, to overcome challenges from attracting talent to facing bureaucracy

2

3

FORMING ALLIANCES IN THE ECOSYSTEM

Federate the ecosystem forming partnerships among digital innovators, public authorities, and academia to pool resources and reach European digital leadership