

DEI Working Group 1

Digital Innovation Hubs: Mainstreaming Digital Innovation Across All Sectors

Kick-off Meeting, 20 October 2016

Meeting Report

Executive Summary

Digital Innovation Hubs within the DEI

DEI Working Group 1 focuses on Digital Innovation Hubs (DIHs) as a means of supporting businesses, and notably SMEs and non-tech industry, in their digital transformation under the Digitising European Industry (DEI) initiative. The WG held a first meeting in Brussels on 20 October 2016, where the discussion focused on three key issues:

- What are the needs of industry with respect to digital transformation?
- How to develop a network of Digital Innovation Hubs in Europe that reflects these needs?
- Which investments are necessary to successfully build the network of DIHs?

The DEI Strategy aims to ensure that any business in Europe should have access to a Digital Innovation Hub at 'a working distance' (i.e. within a form and location convenient for their day-to-day business). Hubs should also play a key role in assessing skills needs and in skills delivery.

Digital Innovation Hubs as Tools for Digital Transformation

Key messages from the Meeting were:

- The WG **strongly supports the proposed European network of Digital Innovation Hubs** as a means of supporting business, and especially SMEs and non-technology intensive industry, in seizing the opportunities of digital transformation.
- **Europe has a wealth of knowledge and experience in hub-type initiatives** on which to draw in implementing such a network. At present, however, the available provision is not sufficiently visible either to industry or to other hubs and initiatives. Much greater transparency is required, so as to facilitate access for companies and mutual learning between service providers.
- Digital Innovation Hubs must **cater for a broad spectrum of needs and as such will have many facets**. They must be agile and demand-led, and build sustainable innovation ecosystems, not just gateways to services. Whilst there can be no 'one-fit-all' approach,

Hubs should be united by common values based on independence, a commitment to excellence and customer service, and a proactive, innovative approach.

- Digital Innovation Hubs will need a **clear value proposition** that complements, rather than replicates, existing forms of business support. Core services offered by Hubs should include: sensitizing and visioning around the business potential of digital technologies; working with companies to assess their digital maturity and develop appropriate plans; mentoring and training; cost-effective access to specialist experimentation and testbeds; and access to funding.
- In the commercial marketplace, too, **Digital Innovation Hubs must not crowd out existing offers**, facilitating access to digital IT SMEs and professional services companies rather than competing against them.
- **Various funding and business models for Hubs can be envisaged**. Membership fees, training, contract R&I, testing, and service brokerage are all potential revenue streams. In most cases, a mixed model would be pursued. Public bodies can provide valuable pump-priming funds to help create Digital Innovation Hubs.
- **Establishing and strengthening a European network of Digital Innovation Hubs** will require, among other measures: mapping service provision and sharing information; building capacity and skills in both breadth and depth; building collaboration between hubs, both physically and online; and creating incentives for SMEs and others to engage with the network. Important issues relating to coordination and governance of the network require further exploration.
- **Building the network will require two separate but closely related streams of work**: i) the development of activities and services for the SME market; and ii) the development of activities and services to help hubs themselves to grow and improve, which are not part of the offer to businesses.
- Whilst a **great many investment tools and funding programmes exist**, the best means of mobilising these to meet the requirements of the DIH agenda remains an open question. The aim should be to create an ‘investment triangle’ between region-technology-funding, with the three elements being co-located. Further consideration is required on the roles of national/regional versus European funding, and investment approaches for regions with no existing infrastructure.

Future meetings will explore additional aspects of the WG’s Mandate as set out by the DEI Roundtable.