

Digitalization of industrial SMEs

Market research with the following integration into state policy and programs

Summary

Lack of data about the current state of digitalization of domestic small and medium enterprises (SMEs) is one of the main obstacles to the deployment of relevant strategies and development programs. In recent years, some general support programs for SME have been launched in Ukraine, which are mainly oriented to increasing their overall competitiveness. However, **there are no effective SME support programs in the field of digitalization in manufacturing.** The Association of Industrial Automation Enterprises of Ukraine (APPAU) has initiated and completed more than 10 mini-researches and analytical reports in this area since 2014. At the same time, these researches are not representative of all industrial markets, and most of the conclusions of APPAU remain at the level of hypotheses and assumptions. The reason is simple, APPAU has always lacked funds for large-scale research.

Growing lack of proper information about the current state of digitalization in real economic sectors is also one of the reasons why Ukraine lags in EU programs, such as EU4Digital, where Ukraine's participation is insufficiently representative.

To solve this problem of understanding of industrial SMEs digitalization level in Ukraine, the project proposes the own strategy that provides strong engagement of the biggest and well-known partners who have access to industrial SMEs. The project plan is detailed in the following stages:

1. Carrying out preliminary negotiations with firms-candidates for the role of partners-executors. Formation of the project team (September) and coordination of the Terms of Reference.
2. Conducting training for selected partners.
3. Conducting a joint market research.
4. Development of an analytical report (November 2021).
5. The first mini-campaign – dissemination of the results: in November with the finale at the Trans4mation forum.
6. The second mini-campaign: dissemination of the result in December-January, with the following integration into activities and programs of central and regional state administrations for 2022.
7. Holding the final conference of the project.

The total project period is 6 months, the total cost is UAH 1,498,500, while the contribution of APPAU and partners is UAH 334,000 (23%), the donor's contribution is UAH 1 158,500 (77%).

Successful implementation of the project will have a number of positive consequences, the main of which is **multiplier effect on other relevant projects of the Ukrainian government and business communities in the SME digitalization programs – both domestic and international development programs.** Other results of the project are broad involvement of managers of industrial SMEs in discussion of the research results, which will help increase demand on the internal market and improve SMEs competitiveness. Results of the project will also improve attraction of other international investors, multinational companies, and leading Ukrainian innovators – primarily from the sectors of the IT industry and the "Industry 4.0 in Ukraine" movement. Separately, it is worth noting an important result – a significant improvement in the integration of generated initiatives into state development programs – both the central government (initiatives under the National Economic Strategy 2030) and at the regional level (regional smart specialization programs).

The project proposes APPAU as the main project coordinator.