

# **Evaluation of KMU.DIGITAL Module Consulting (WKÖ) and Module Implementation (AWS)**

„Evaluation of KMU.DIGITAL“

SYNTHESIS REPORT

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Media owner, publisher and editor:

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Vienna, 2023. Last updated: August 2023

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# 1 Introduction and methodology

In 2021, there were around 366,500 small and medium-sized enterprises (SMEs) in Austria, accounting for 99.7% of all enterprises and representing the pivotal core of its economy. Almost 90% of SMEs are micro-enterprises with less than ten employees. SMEs have a particular need for support in overcoming digitalisation obstacles in order to secure their competitiveness and thus of large parts of the domestic business landscape.

KMU.DIGITAL was launched in order to advance this very support for SMEs. In cooperation between Austria's Federal Ministry of Labour and Economy (BMAW), the Austrian Economic Chambers (WKÖ) and the promotional bank of the Austrian federal government (aws), SMEs are introduced to relevant topics by means of the "Consulting" module on the one hand and are supported in realising digitalisation projects by means of the "Implementation" module on the other. Since the pilot programme in 2017, over 22,000 digitalisation projects have been funded with EUR 22 mill (as of August 2023). In 2021 EUR 5 mill. were provided; in 2022/2023 the initial budget of EUR 10 mill. was further increased by an additional EUR 1.4 mill. earmarked for "Module Implementation" due to high demand.

The present analysis encompasses the evaluation of the funding programme KMU.DIGITAL and its two modules Consulting and Implementation since the programme's relaunch (September 2019 to December 2022). The objective is to assess the programme in terms of its effectiveness and range as well as to formulate evidence-based recommendations for the continuation and future design of the programme. The evaluation ran from January to July 2023.

A variety of quantitative as well as qualitative **methods** have been applied. This includes:

- Relevant *documents* were used to analyse the initiative's strategic and operational basis. The (changing) *contractual frameworks* for cooperation (e.g. funding and settlement agreements, agreement on the ÖÖK) as well as the *funding guidelines* applicable in the respective programme periods were used as sources of information. Further attention was paid to past evaluations and the realisation of past recommendations.

- Different raw data have been provided by the programme's representatives and *statistically reprocessed and analysed*. Central sources of information were: feedback questionnaires, which are mandatory in the course of receiving funding; statistical databases on programme administration as well as a comparison with the Structural Business Statistics Survey (Statistics Austria); reports from the Module Consulting on current digitalisation trends (consultant reports); and, in the absence of specific data on KMU.DIGITAL, a data set on comparable digitalisation projects of the "COVID-19 investment premium" in order to estimate the initiated economic effects in a non-representative scenario consideration.
- To analyse the effects on funding recipients, 20 structured qualitative *online interviews* were conducted between April and May 2023. Through a weighted and randomised selection of enterprises, it was possible to achieve a sub-sample that was as heterogeneous as possible (in terms of used modules, sectors, enterprise size, regions, etc.) and that corresponded as closely as possible to the structure of the overall funding recipients. The results therefore do not provide a representative cross-section, but allow for the broadest possible picture of perceptions within the limits of an evaluation project.
- In addition, reflective discussions on the programme's completion and further development were conducted in the form of three qualitative *guideline-based interviews with representatives* of the BMAW, WKÖ and aws. The focus of the interviews was an in-depth examination of experiences and lessons learned, as well as possibilities for improvement and future perspectives.
- In order to evaluate the funding setting and design, a focus group workshop was held with eight certified KMU.DIGITAL consultants (nominated by the programme representatives). In the course of a two-hour online workshop, the programme expertise of the consultants was compiled with regard to an assessment of the funding setting, the effects on digitalisation in Austrian SMEs, the strengths and weaknesses of the programme, as well as best practices from other known funding programmes.
- With regard to optimising the funding setting, it is advisable to take a further look beyond Austria. On the basis of good practice examples of digitalisation funding for SMEs in specific economic regions (e.g. Bavaria) or countries (e.g. Canada), funding designs were identified that could be purposefully implemented in Austria. In addition, the systemic conditions at selected locations were compared to Austria's and funding initiatives at regional level (e.g. Styria, Upper Austria) were reviewed for synergies and similarities.

## 2 Key results

### 2.1 Module Consulting

The most common constraint for dealing with digitalisation issues is stated to be insufficient time, which is found even more important than financial aspects. In the Module Consulting, certified consultants introduce funding recipients to digital trends (Status- and Potential Analysis) and support them in effectively exploiting opportunities for action (Strategic Consulting) in four topic areas (Business models and processes, E-commerce and online-marketing, IT and cybersecurity, and Digital administration). Due to the external expertise, the consulting services form an important link between the target group and the digitalisation of the domestic economy. The quality of the consultants is reflected in high satisfaction ratings and positive feedback from the funding recipients.

Across all business scales and sectors, almost all SMEs (95%) see the Module Consulting as an impetus to implement digitalisation in their enterprise. The support successfully contributes to removing existing barriers and enables SMEs to deal with digitalisation agendas (for the first time). In addition, the Module Consulting takes on an enabler function and often stimulates specific implementation processes within the enterprise in almost three quarters of the cases (74%). For sole proprietorships (SPs) in particular, the lack of financing is a noticeable constraint to digitalisation. In the context of the strategic goals of KMU.DIGITAL, this emphasises the need to support SPs in their first digital steps. This strategic vision of enabling the smallest enterprises, which have the most limited resources, to come into contact with digitalisation aspects for the first time, is being successfully implemented, as can be seen on the basis of the funding allocation: more than three quarters of all funding so far has gone to micro-enterprises (fewer than 10 employees), which are also increasingly benefiting from the additional budget in the most recent programme versions.

In relation to the total number of SMEs in Austria, 2.1% of micro enterprises, 5.3% of small enterprises (between 10 and 50 employees) and 6.8% of medium-sized enterprises (between 50 and 250 employees) have been reached so far. At the time of the evaluation (October 2019 to February 2023), a total of EUR 8.05 mill. has been allocated to 12,491 SMEs. In the course of the further development and design of the funding programme, the definition of certain relative benchmarks for each enterprise category appears to be

appropriate with regard to the programme's objectives. In addition to the size of enterprises, the programme successfully addresses a broad range of industries, which mirrors the underlying sectoral parameters in Austria's economy as best as possible. Some regions are under- or over-represented in relation to their share of Austrian SMEs. Possible explanations could be elaborated in cooperation with the consultants in order to address SMEs in those regions more effectively and to enable the funding programme to have an (even) broader impact.

Contact with the promotional administration as well as the accessibility of the programme are rated exceptionally well by the funding recipients. More than every ninth enterprise expressed great satisfaction with the services provided and the programme management; at the same time, there were hardly any negative remarks. Considerable acknowledgement is also bestowed on the consultants, who frequently assist the enterprises during the application process as well as beyond the funding programme. The continuous optimisation of the processes regarding KMU.DIGITAL is confirmed on several levels: In addition to the general satisfaction scores, the recommendation score (1-10) is increasing from an already high average of around 8 to over 9. Furthermore, the administrative efficiency is gradually increasing. During the onset of the Corona crisis, the necessary adjustment processes for a complete digitalisation of the consultancy services were quickly implemented. Despite continuing restrictions, the duration in programme version 3.0 decreases in comparison to the pre-crisis level.

The four available topic areas (tools) are demanded differently across the SMEs. The largest part of funding so far is concentrated on the tools of Business models and processes as well as E-commerce and online-marketing. There is considerably less demand for the IT and cybersecurity tool. This is probably due to a lack of identification with the subject area in the day-to-day work of small enterprises, and therefore proactive communication of the relevant opportunities would seem reasonable. In this context, it is worth to address particularly micro-enterprises, which tend to use these tools less frequently. The tool Digital administration is also more of a niche product, which is sometimes difficult to distinguish from the content of Business models and processes.

The different perceptibility of relevant trends can be mapped on the basis of numerous structural characteristics thanks to the consultant reports collected in the course of the Module Consulting. The resulting information on specific profiles can be a valuable tool for further steering of the programme. Styrian SMEs, for example, give an above-average positive assessment of their current status when it comes to trends whose application is

generally less widespread. Such strengths, e.g. in cloud computing, are ideal examples for communicating existing potentials. For further use of the consultant reports, the development of a manual with standardised criteria seems reasonable in order to better safeguard the objective data quality against a potential bias on behalf of the consultants.

From the evaluators' point of view, the maximum funding sums for Status- and Potential Analysis (EUR 400) and Strategic Consulting (EUR 1,000) allow for a broad orientation in terms of content and quality. The fact that around half of the respondents see potential for improvement in increasing the cap is understandable from an individual business perspective, but can hardly be justified in terms of public funding. The reduction of the self-retention is also desired more frequently (by SPs). Since additional funds are particularly relevant for SPs, a progressive scheme could help to reduce their entry barrier in a more focused way. Another suggestion for further development of the funding programme address, alongside the funding criteria, an increase in budgetary resources with the aim to implement the results of the consultancy more quickly. All in all, the funding recipients hope that the instrument will be continued.

## 2.2 Module Implementation

After completing the Module Consulting, the programme supports the realisation of the elaborated strategies by providing funding for digital investment projects through the Module Implementation. The funding currently amounts to a maximum of 30% of the eligible costs (max. EUR 6,000) for eligible project volumes of at least EUR 3,000 and a maximum of EUR 30,000. Both the eligible costs and the minimum and maximum volumes have been adjusted in programme version 3.0 (higher funding, wider limits). As of the end of February 2023, a total of EUR 4.96 mill. has been allocated to 1,214 investment projects in the Module Implementation within the programme periods 2.0 to 3.1 (starting in October 2019). Approximately two thirds of the funding recipients have completed a Status- and Potential Analysis before the Module Implementation (and vice versa one third Strategic Consulting).

In the Module Implementation, the constraint of adequate financing becomes even more significant when it comes to promoting digitalisation among the beneficiary SMEs. While the lack of financial resources is definitely considered an obstacle by domestic small and medium-sized enterprises as well, it is even more pronounced in the case of SPs, comparable to findings for the Module Consulting. Funding by means of investment support

is of particular importance for SPs and micro-enterprises to actually be able to implement projects in the first place. Micro-enterprises are also most frequently represented funding recipients within the Module Implementation, but compared to the Module Consulting, the structure shifts in favour of small and medium-sized enterprises. The share of micro-enterprises remains constant at around 60%, while in Module Consulting it gradually (further) increases. This in itself is neither positive nor negative, but must always be assessed in the light of the desired impact range made by the programme representatives. Nevertheless, there are indications that SPs find it more difficult to make the transition from consultancy to implementation on their own. The intention to use the Module Implementation for example increases among the users of the Module Consulting depending on enterprise size (70% SPs, 90% for medium-sized enterprises). A similar disparity can be seen for requesting specific tenders for a trend addressed in the Module Consulting. In sum, these factors may lead to an additional barrier for SPs to successfully exploit the frequently exhausted funding budget. An additional offer on consulting services for the transition into tangible projects could have a positive effect on the allocation among enterprise sizes.

KMU.DIGITAL is often one of the first funding programmes used by SMEs and can open up further funding opportunities. Due to the abundance of available measures, proactive references to the corresponding instruments can help to guide SMEs along their own (early) transformation in the best possible way by taking advantage of funding synergies. A key factor should be the further development of the KMU.DIGITAL website. For the initial contact, the website is of less relevance than its intended function. Upgrading the website with additional services can act as a multiplier for the existing and effective promotional services. Apart from the effectiveness, the promotional administration in the Module Implementation is perceived remarkably positive, though some of the interviewed enterprises needed the support of consultants during the process. Regionally, the findings for Module Consulting are reinforced in that it tends to be less successful in reaching SMEs from certain regions of Austria. In the course of future monitoring and controlling, this offers a starting point for further maximising the already good degree of diversification.

In addition, the tendencies with respect to the topic areas (tools) observed in the Module Consulting are also becoming more pronounced. The share of E-commerce and online marketing projects paid out to SMEs is the largest, while the area of IT and cybersecurity is handled less frequently and mostly by larger enterprises. This may indirectly indicate that data security and IT or cybersecurity are often difficult to grasp for SMEs. Analogous to the

Module Consulting, it thus emphasises that the potential could be raised by addressing these issues proactively within the programme's communication strategy.

Within the framework of the mandatory feedback questionnaire, some funding recipients express their preference for being able to use the Module Implementation without the upfront mandatory use of Module Consulting. However, there are other important programmes for mere financial support of digital transformation projects in the domestic funding system. The evaluation results also highlight the relevance of the coupling for the effectiveness of the intended impact character. This can be seen, among other things, in the insights gained through the qualitative interviews: Frequently, the positive impact of the consultancy on the quality of the project was explicitly highlighted. The consultancy service provides an effective impetus for future optimisations, which is why the interviewed enterprises have a positive perception of the mandatory combination and thus recommended the continuation of the consecutive funding concept. In many cases, the consultants serve as an important catalyst during the implementation project, even outside the framework of KMU.DIGITAL. The additional provision of an accompanying consultancy service throughout the implementation project could help to further increase the value added of the services provided by KMU.DIGITAL.

In addition to the (de-)coupling of the modules, the most frequently discussed issue is the provision of further financial support. Small and medium-sized enterprises generally find it necessary to further increase the cap sum from currently EUR 6,000. In comparison, micro-enterprises and in particular SPs are more interested in adapting the funding percentage. Since the latter generally benefit less from an increase in the cap sum due to smaller project volumes, a higher percentage would effectively bring more financial relief in the case of small-scale projects. After all, the eligibility criteria are a vehicle for implementing the strategic programme objectives in balancing out the additional administrative effort that arises. In light of these factors, the current and adapted thresholds are rated as effective and efficient by the programme representatives.

When assessing any funding effect, the question of additionality competes with possible free-rider problems. Their estimation is in the interest of maximising the additional impact of public funding on specific economic activities. The possibility of a broad quantitative survey on additionality remains unexploited by the programme's controlling so far. The questionnaire should be adapted to enable this rationale, which is yet insufficiently supported, to be used in evaluating any budget increases in relation to the fiscal revenues attributable to the funding.

The total volume of all investment projects funded so far of about EUR 5 mill. enables up to EUR 17.75 mill. of which, resulting from the import share, EUR 12.77 mill. will be capitalised in the Austrian economy. Barring the missing dimensioning of exact additionality, the realised investment volume results in a macroeconomic value added of EUR 12.51 mill. as well as macroeconomic fiscal and social contribution effects of EUR 3.96 mill. These benefits are not only generated by the supported SMEs, but also by demand for the provision of information technology services: a total of approximately EUR 1.07 mill. in indirect and induced value added is generated in this sector. Unnoticed by this illustration are long-term and persistent effects on the general competitiveness of the SMEs after the end of the investment. The explorative results of the qualitative interviews indicate that the initiated digital transformation can lead to considerable organic growth. Furthermore, the implemented projects often led to an increase in sales and optimisation of resources. It is recommended that these potential effects are investigated further by representative surveys in terms of an ex-post analysis with a more reliable database.

### **2.3 Results from the focus group workshops with consultants**

As part of the evaluation of the funding framework, a focus group workshop was held with eight certified consultants in June 2023. The previous evaluation steps were reflected with the consultants regarding their experiences with the modules and an interactive SWOT analysis was created to identify the strengths, weaknesses, opportunities and threats of the funding programme from the consultants' point of view.

The strengths of the funding programme were seen in the combination of the Module Consulting and Module Implementation, as this allows digitalisation gaps to be identified and tackled. The accessibility for different sectors and smaller enterprises as well as the simple application process were also identified as strengths. The funding had an impetus to encourage enterprises to undertake new projects and foster digital development. Weaknesses were identified in relation to information and knowledge transfer, such as a lack of educational videos or a knowledge database. In addition, challenges with the initial application and the transparency of the funding information were mentioned. The opportunities of the funding programme were considered as raising awareness of the topic of digitalisation among enterprises, increasing confidence and opening up new business models and competitive advantages. The identified risks for the funding programme were comparatively low. The risk of rapid exhaustion of the budget for Module Implementation and the overall dependence of the SMEs on funding were mentioned.

## 2.4 Regional setting and Good-Practice-Designs

Within Austria's different regions exists a variety of regional funding instruments for supporting digitalisation. These programmes benefit from a high level of tacit knowledge on regional specific support needs. For KMU.DIGITAL, these instruments can act as valuable addition and extension of its SME support. Within the programme "Digi Bonus Plus", Styria's Chamber of Labour supports digital skills education with up to 80% of educational costs. With a diverse portfolio of projects, the programme "Projektfonds Arbeit 4.0" accelerates the digitalisation of working conditions (e.g. via usage of augmented reality). SMEs in Upper Austria are funded with up to EUR 15,000 for training and investments into digital skills and IT-security. Lower Austria's "digi4Wirtschaft" programme promotes the manufacturing industry, craft enterprises and tourism by providing funding and access to bank (NÖBEG) guarantees. Viennese SMEs can benefit from up to EUR 40,000 for the realisation of digitalisation projects ("Wien Digital"). The regions of Vorarlberg and Salzburg provide funding based on a similar design with modules for consulting and implementation. In line with KMU.DIGITAL, the programme "GO DIGITAL" in Vorarlberg provides EUR 1,000 funding for consultancy services and EUR 6,000 for implementation. An example for the recommended extension of the service portfolio of KMU.DIGITAL by means of an accompanying consultancy service throughout the implementation project can be found within "Salzburg.Digital". The expansion of SMEs financial scope of action through a linkage to Austria's (low-interest) erp-Loan (aws) is considered as a noteworthy funding design by the authors.

Besides a regional perspective, international support environments in the field of digitalisation are of particular interest to contextualise existing competitive advantages of selected countries and transpose them into important properties for further multiplying the impetus of KMU.DIGITAL within its systemic support environment.

Finland is characterised by a deep diffusion of digital competencies in its society, which provides a good basis for the digital orientation of SMEs. Finnish SMEs have advanced competencies in future technologies such as big data, cloud solutions and AI use. Denmark offers a wide range of business transformation services and supports SMEs to successfully transfer research, technology and innovation to the market. The digital infrastructure in Denmark is leading in a European comparison, with nationwide high bandwidth speeds at lower prices. Sweden demonstrates high systemic efficiency in teaching and qualifying digital competencies and emphasises the dissemination of generated knowledge. The transition of different funding approaches and objectives is managed strategically to enable synergetic and mission-oriented use.

Austria already has a large number of measures that address similar impact mechanisms and concepts. In the course of the last decade, good progress has been made, especially in the digitalisation of SMEs, which is not (yet) fully reflected in international benchmarking. The often-cited examples of Finland or Sweden illustrate the relevance of coordinated system improvement in the context of KMU.DIGITAL, which lie outside the scope of a single programme. However, because of its broad range, it would seem advisable to utilise it in an attempt to function as a key intermediary to existing and effective initiatives, e.g. at regional level. Regional funding programmes can address more specific funding niches that would be more difficult to access for nationwide and broadscale initiatives. Coordination with regional funding agencies could multiply the effectiveness and range of KMU.DIGITAL and create a network for the best possible digitalisation of Austrian SMEs.

### **Good-Practice-Design: "Digitalbonus.Bayern" (Bavaria)**

The "Digital Bonus" funding programme was launched by the Free State of Bavaria in 2016 to promote the digital transformation of SMEs in all regions and sectors of Bavaria. The programme is an important component of the "Bayern Digital" initiative and was extended in 2020 for another three years until 31 December 2023. The focus of the funding was adjusted from SMEs (up to 250 employees) to smaller enterprises (up to 50 employees). EUR 60 mill. are available annually to promote the digitalisation of small businesses. During the entire duration, one application per funding area (digital products/services/processes and IT security) can be received by each enterprise. The "Digital Bonus Standard" grants funding of up to EUR 10,000 with a funding rate of up to 50 percent of the eligible volume. The "Digital Bonus Plus" offers funding of up to EUR 50,000 for projects with significant innovative character, also with a funding rate of up to 50 percent.

Between 2016 and the end of 2021, around 24,400 applications were submitted across Bavaria, with a total requested funding volume of around EUR 250 mill. A considerable number of enterprises have so far invested two to three times the funding, which indicates a high acceptance and relevance of the programme. Particularly during the COVID-19 pandemic, the Digital Bonus proved to be an important and useful tool to quickly drive digital transformation among small enterprises by successfully contributing to the digital conversion of products and processes.

## **Good-Practice-Design: Canada Digital Adoption Programme (CDAP)**

The Canadian Digital Adoption Programme (CDAP) supports SMEs to realise the potential of digital technologies and increase their competitiveness through two separate funding streams: The Grow Your Business Online Grant and the Boost Your Business Technology Grant. Announced in the 2021 budget, the CAD 4 bill. CDAP programme will support up to 160,000 small enterprises in both funding streams and consists of CAD 1.4 bill. in grants and advisory services for SMEs from the Government of Canada and up to CAD 2.6 bill. in loans from the Business Development Bank of Canada to help businesses cover the costs of implementing new digital technologies.

The Grow Your Business Online Grant offers smaller enterprises a micro-grant of up to CAD 2,400 to implement digital technologies, especially in the field of e-commerce. A network of service partners supports the enterprises in implementing their e-commerce plans. Under the Boost Your Business Technology, SMEs can receive a free digital needs assessment and apply for a grant of up to CAD 15,000 to develop a digital implementation project. Consultancy services help with the development of the project. In addition, SMEs can apply for an interest-free loan of up to CAD 100,000 from the Business Development Bank of Canada to finance the implementation and adoption of new technologies. The loan covers expenses directly related to digital investment plans, such as the purchase of IT-equipment and staff training on integrated technologies. With the erp-Loan, a similar instrument can be found in Austria, which could be suitable for synergies with KMU.DIGITAL.

# 3 Conclusion and recommendations

KMU.DIGITAL is an important, independent and well-received instrument with a clear funding concept within Austria's support landscape. At the transition to its fifth funding period, the funding objective of providing universally accessible support for the digital transformation of smaller enterprises with a low level of digital maturity still holds considerable relevance for the Austrian economy. The combination of the two modules of consulting and implementation offers ideal conceptual prerequisites.

Across all scales and sectors, SMEs are using the funding as an impetus to implement digitalisation projects. By raising awareness and providing targeted support in strategic planning, KMU.DIGITAL helps to remove existing constraints and enables SMEs a demand-driven (and often first-time) adaptation to digitalisation. The interviews conducted with funding recipients confirm, that the funding programme is able to initiate their digital transformation and to positive effects on the growth and/or the number of employees through the implementation measures that follow the consultation.

Throughout the programme versions under examination, it is evident that the programme representatives consistently want to develop the programme further, both qualitatively and strategically. The adjustments made to the funding design (including the adaptation of funding caps and sums) in the Module Implementation have had a positive effect on the programme's objectives. The simple (digital) application process in combination with the customer-oriented support of the aws and the WKÖ can be seen as a strength that further promotes the accessibility of the instrument. This is rewarded with exceptionally good satisfaction scores from funding recipients (e.g. recommendation score). The contractual agreement between the BMAW and the WKÖ, which was transformed into an ÖÖK as of the KMU.DIGITAL 3.0 programme period, has also improved the quality of the cooperation between the partners. It can be seen as a long-term joint commitment with regard to the importance of the funding objective, which also includes a longer-term contract and a multi-year budget allocation. The already existing and well-developed controlling and monitoring of KMU.DIGITAL is a positive complementary element of the programme's quality. It offers favourable conditions for further improvements in the collection and utilisation of (feedback) data from funding recipients and for the strategic development of the instrument based on additional empirical evidence.

The evaluation of the progress of the programme since its relaunch in 2019 leads to a clear recommendation for its continuation due to its significant impact on the funding recipients and its high importance for the broad digital transition of the Austrian economy, which is dominated by SMEs. For the future design of KMU.DIGITAL, it is recommended to consider the following options for further optimisation on the basis of the evaluation results:

## **A. Funding conditions and design**

1. The always quickly exhausted budget has an inhibiting effect on the exploitation of potentials. The planned increase by an additional EUR 5 mill. per year from the "Transformation Offensive" can be considered as important next step. In order to provide the programme's considerable benefits to an even larger number of SMEs in the future, it is recommended that the funding is increased further in line with international initiatives (e.g. Digital Bonus Bavaria, budget of EUR 60 mill. per year).
2. The demand from funding recipients remains high even after the application stop. In order to ensure continuous broad support for SMEs, it is recommended that applications for the Module Implementation can be submitted throughout the year (e.g. by integrating it into the regular budget of the BMAW).
3. For the upcoming years, (further) possibilities of EU co-financing should be explored, if this enables an increase in budget. With regard to additional administrative work, it is important to evaluate this in terms of financial balance for higher administrative costs and to define the responsibilities and requirements to be fulfilled well in advance in the advisory board.
4. Thematic flexibility is another important factor for the success of the programme. In the future, it will be important to focus on strengthening the in-house digital infrastructure, using the possibilities of AI in a way that is suitable for SMEs, and linking sustainability and digitalisation objectives - especially with regard to the planned resources from the "Transformation Offensive". For the topics of IT and cybersecurity as well as AI, it is recommended to increase visibility through explicit reference in the programme documents and increased example-based (e.g. role-model projects) communication.
5. The Module Consulting acts as facilitator for larger, faster and higher quality investments and the accompanying expertise is retrospectively seen as a noticeable benefit by many enterprises. In this sense, the continued mandatory combination of modules is

recommended, as well as the exploration of possibilities for a new tool for accompanying consultancy services throughout the implementation project. Such an expansion should be achieved through additional budgeting in order not to cannibalise existing resources. The acquisition of new clients is to be preferred to deepening the work of a few beneficiaries within the same budget.

## **B. Programme management and monitoring**

1. In the course of extending the programme, the advisory board should be used regularly and objective-orientated as an effective instrument for strategic control. It is recommended that the scheduled meetings be held twice a year as well as more frequently whenever the need arises, and that they be prepared with a specific agenda. In order to reflect on issues at the operational level, meetings in larger groups should also be considered if necessary.
2. The experience gained over the years regarding possible process efficiencies should be used to reduce bureaucracy. If possible, the extent of reporting requirements should not be increased further in the new design or should be reviewed with regard to necessity, scope and frequency.
3. In the course of programme administration, numerous data are collected at various points (aws, WKÖ) (feedback questionnaires, consultant reports). A "dashboard function" is recommended in order to process this data in a needs-oriented and actor-centred manner and to make it available to specific target groups optimally in real-time. A dashboard solution would also strengthen and further enhance "www.kmudigital.at" as central communication tool.
4. Approaches to further improve the already well-developed internal controlling include a more effective preparation and presentation of the transparency of data reports for main planning processes. The regular comparison of the present allocation of resources with structural characteristics (sectors, region, size) of Austria's economy (potential target group) would provide an opportunity to define targets on the basis of tangible performance indicators for relative representation and to adjust or counteract them within a reasonable period of time.

## C. Funding administration incl. data utilisation

1. The following (further) improvements to the aws Funding Manager should be considered: support with regard to KUR number and sector classification; automated indication of VAT eligibility already at time of submission (not only at invoicing); simpler copying of application data; standardisation between specific KMU.DIGITAL and general aws terminology.
2. In the case of the feedback questionnaires, a significant unexploited potential lies in the lack of quantification of possible additionality effects. It is therefore recommended to carry out an extended impact analysis of additionality (investment volume, date, quality) for Module Implementation. In addition, long-term effects on business operations may be estimated in accordance with a streamlined questionnaire. For the exact assessment of possible long-term effects, however, an ex-post evaluation should be considered.
3. The visibility of relevant trends can be mapped by the consultant reports on the basis of a variety of structural features. The regular analysis of these profiles can be a valuable tool for further thematic settings. In order to increase its strategic use as an evidence-based analysis tool, a standardised assessment manual would seem advisable to ensure objective data quality.

## D. Synergies and communication

1. It is recommended to leverage synergies in budgetary resources via regional funding. Therefore, it is suggested that the KMU.DIGITAL website is developed further as a hub that links to numerous national and regional digitalisation funding programmes. The consideration of links to (low-interest) erp-Loans could also increase the financial flexibility for SMEs after KMU.DIGITAL, based on international examples (see Canada).
2. In addition to "www.kmudigital.at", it would be helpful to ensure an improved visibility of the programme via the aws homepage. A clearer communication of the responsible institutions (aws, WKÖ) for each module would be helpful in order to minimise the number of enquiries from funding recipients directed to the wrong institution.

3. (Face-to-face) communication activities that were reduced during the pandemic, e.g. via roadshows with cooperation partners, should be resumed in the new programme version. Moreover, it is recommended to strengthen the link between the programme and current key issues (e.g. NIS2 compliance).