ELEARNINGNEWS ARTICLE

Year 5 - number 148 Wednesday 3 march 2021

Italian SMEs: 86% will invest in digital innovation

SME interest in digital is growing, but only 14% of companies have a long-term strategic approach.

The crisis caused by the pandemic has pushed **industrial SMEs** to accelerate certain aspects of digital transformation in order to ensure work flexibility and overcome difficulties in managing business operations. However, the approach of SMEs is not yet that of radial initiatives capable of fully involving companies and workers. This is what emerges from the research '**SMEs, industry and digital, the challenge is now!**' by the Osservatorio Innovazione Digitale nelle PMI of the Politecnico di Milano.

What has been done in response to the emergency is therefore not enough to talk about a real **digital transformation**. According to the research, conducted in December 2020, only 14% of manufacturing SMEs have a **strategic approach to digital** that involves the entire business model. They are generally larger and more profitable, located in the North and with a greater propensity to export. 57% have focused on digital as part of specific process efficiency objectives. Finally, the remaining 29% have turned to digital as a reaction to an external stimulus - the Covid crisis or a customer request - with investments limited to individual activities and processes over the short term.

SMEs invest little in digital training

For digital to become an integral part of business policies, there is a need for **digital skills and training**.

In this area, the research shows an increase in the **training carried out by managers and owners** during 2020 (+20% compared to 2019). However, in 35% of cases, this training is not planned continuously and takes place sporadically. 17% of SMEs carry out training on digital-related topics once a year and only 15% every six months.

Lack of professional profiles

The **lack of digital maturity** is also reflected in observations about the professional profiles present in companies.

In fact, the percentage of companies (40%) that do not have any manager dedicated to **ICT and digital** issues is still high. The situation is similar with regard to figures linked to data analysis: the Data Analyst, in fact, is present in only 9% of the SMEs surveyed, while Data Science is present in only 4%. Among the professional profiles present in small and medium-sized manufacturing companies, the most common are those related to the security of information systems and data.

The study also shows that manufacturing SMEs are not very familiar with **Industrial IoT technologies on the factory floor**: 65% admit they are not familiar with them and only 9% apply them. More positive are the figures on the use of digital to support sales, with a significant increase in the use of eCommerce in 2020. The use of digital to support administration, finance and control is also improving, although integration between processes remains poor.

Looking at the digital solutions most frequently chosen by businesses, there is little interest in **data integration software**, adopted by only 23% of the sample, while there has been an increase in the use of management software, particularly for digital management and archiving (76%) and for financial administration and control (adopted by 81% of businesses).

The spread of **remote working** increases perceived risk and the need for data protection, leading to the adoption of advanced IT security systems (38%). At the same time, there is a growth in cloud-based software to manage remote employee communication and collaboration (39%).

Challenges and investments for the future

According to the data collected, 86% of industrial SMEs will invest in at least one area of digital in 2021. In particular, the investment priorities for industrial SMEs focus on technologies supporting **employee health at work** (34%), digitalised document management and electronic invoicing (30%).

The **digital investment priorities** for the next 12 months therefore show a close connection with contingent needs, and are oriented towards solutions that allow work to continue in emergency situations.

A scenario that confirms the tendency of most manufacturing SMEs to think and move within a reduced time axis. The analysis shows how Italian SMEs have failed to seize the opportunity to redesign their business models during the current economic crisis.

Strategic digital skills, an integrated approach and hybrid corporate identities: these are the key levers Italian SMEs need to move successfully in the new context created by the pandemic.

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