

EARTO answer to the EC consultation on the Digital Europe Programme: focus on the Digital Innovation Hubs' part

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EARTO and its members very much welcomed the EU Institutions' efforts to create the Digital Europe Programme (DEP). Its development process includes the European Commission (EC) [consultation](#) on the [draft orientations](#) for the preparation of the work programmes 2021-2022. As input to the discussions on these draft orientations, EARTO hereby presents its views, focused on the Digital Innovation Hubs' (DIHs) part of the consultation (see also [EARTO paper on Innovation Hubs](#), published in 2018).

EC question: Do you agree that it is strategically important to have a well-connected network of regional hubs to support SMEs and local administrations in their digital transition?

EARTO supports the view that it is strategically important to have a well-connected network of regional hubs to support SMEs and local administrations in their digital transition. Digital Innovation Hubs have a key role to play, especially to stimulate the adoption of Artificial Intelligence (AI), High-performance computing (HPC) and cybersecurity for both public and private organisations in Europe.

In this context, EARTO would like to raise the following points:

- Specific areas of digitalisation, such as cybersecurity and AI, face two essential challenges: (1) increasing complexity, which requires a dedicated know-how in many fields, and (2) limited personnel resources (experts) for the development and the operation of solutions and systems. A transformation of solutions and services to a wider customer basis requires dedicated and well-defined services as well as a pool of experts organised within the DIHs.
- The role of DIHs is to establish local innovation programmes, set up testbeds, etc. Indeed, a DIH could be a genuine orchestrator of regional actions, federating different initiatives and stakeholders under a common banner (e.g. integrators, consultants, start-ups) and bring them closer to local Research and Technological Organisations (RTOs).
- So far, specific actions by the EC have supported the networking of existing technology infrastructures and testbeds, which are an essential part of innovation hubs. In the first phase, we should build on these existing capabilities, i.e. innovation hubs that are already networked at EU level, in which RTOs are fully integrated.
- DIHs could also aim at simplifying concepts, networks and financing for local Small and Medium size Enterprises (SMEs) and/or slightly bigger companies (up to 100% of SME definition's criteria). DIHs should concentrate the major part of their activities and efforts on local SMEs.
- However, it is important for DIHs to serve as one-stop-shops, not requiring customers to consult multiple hubs to foresee in their needs. In the current setting, DIHs will have focus areas of expertise. However, one DIH may not be able to support the complete industrial landscape. Accordingly, there is the need of a well-connected network of regional DIHs to guarantee a full service to industry and connect SMEs to new industrial value chains.
- It also remains unclear from this text whether the focus areas of each of the hubs will emerge organically, or whether there will be an overall strategy, at EU level, to achieve a balanced geographical distribution of expertise.
- Furthermore, the text seems to allow both vertical (technologies) as well as horizontal (application sectors) DIHs. Both may be useful, to different types of potential customers, but DIHs might not be able to fulfil the role of one-stop-shops if their focus is too narrow.
- In addition, if an SME's specific need for innovation cannot be answered by local actors in a given DIH, this DIH would ask foreign DIH to identify a stakeholder to act as the technology integrator for that SME. In this context, EARTO recommends the direct co-financing of the travel and hosting arrangements of the foreign SME by the host and/or the EC.
- The EC could leverage RTOs' capabilities to address the needs of foreign SMEs through Competence Centres. In past EU projects, EARTO members worked with SMEs using cascade funding scheme. However, SMEs often found such scheme too complicated. Improving the cascade funding scheme by making it lump-sum based would lower the administrative burden and risks for the beneficiaries, third parties, and auditors (cash flow issues, liability, documentation efforts). It should be set as an agile instrument to perform innovation programmes based on pre-defined Key Performance

Indicators (KPIs) to justify the framework for the use of public funding. The EC should then perform an ex-post assessment including an audit after 3-4 years of activities to guarantee the effectiveness of the activities implemented.

- In addition, DIHs could serve as SMEs' entry point to regional, national and European funding, making the link to regional Smart Specialisation Strategies and Structural Funds.

EC question: Do you agree that the EU should support DIHs to help SMEs and local administrations in their digital transition?

EARTO agrees that the EU should support DIHs to help SMEs and local administrations in their digital transitions. However, it is primarily the role of Member States and regions to promote digital transition locally. Member States have in their "toolbox" several options, including using Structural Funds. Member States and regions can give a real boost to innovation ecosystems and value chains, provided that Smart Specialisation Strategies are coordinated and properly implemented.

EARTO would like to draw the attention to the articulation between the DEP and the Horizon Europe programme. When it comes to EU level interventions, we should build on existing mechanisms/instruments that have proven to be efficient, such as Horizon Europe's clusters, missions, Enterprise Europe Network (EEN), and mechanisms such as EIC/EIT mentoring services. Horizon Europe is indeed a powerful tool to support collaborative RD&I carried out by the DIH stakeholders. In parallel, the DEP should reinforce the networking between DIHs, promoting operations and focusing on innovation. DIHs can then become an efficient gateway for SMEs to access the Digital Single Market (DSM). To that end, it should support DIHs to build local support, engage with large industries, and help foreign SMEs to access the DSM.

In addition, DIHs should be funded by the ERDF and the DEP. Depending on how the implementation of the ERDF co-funding is actually implemented, many difficulties may arise (e.g. divergent criteria per Member State, failure to specifically include DIHs in the partnership agreement, dependence on the different intermediary organisms and/or management authorities, difference of interpretation on the control mechanisms). Therefore, EARTO very much supports the creation of the [INTERREG component 5 on Interregional Innovation Investments](#). Furthermore, in parallel to ongoing efforts in regions, we need to ensure investments for connected pan-European technology infrastructures. EARTO very much welcomes the [EC efforts](#) on this issue.

EC question: Are you/is your organisation interested in investing in this area or otherwise directly involved?

With their extensive collaboration networks and technology competences (including technology infrastructures, skilled personnel, ability to serve customers), RTOs will play a crucial role in the European DIHs network. It is important to ensure that any interventions/support schemes within the DEP enables target groups to access RTOs' competences.

Indeed, the increasing complexity of given technologies, the need for a substantial system understanding, and the limitation of experts and other resources on the market require a close connection between the DEP and the applied national and international research agenda. RTOs also serve as an important bridge between basic research and the market – especially important for areas such as AI and cybersecurity. Furthermore, European RTOs also have an already established European network of cooperation. Thus, European RTOs could increase the effectiveness of DIHs substantially and should be an inherent part of any DIH concept and service.

EARTO and its experts remain of course ready to further discuss these recommendations with the European Institutions' representatives.

RTOs - Research and Technology Organisations

From the lab to your everyday life. RTOs innovate to improve your health and well-being, your safety and security, your mobility and connectivity. RTOs' technologies cover all scientific fields. Their work ranges from basic research to new products and services' development. RTOs are non-profit organisations with public missions to support society. To do so, they closely cooperate with industries, large and small, as well as a wide array of public actors.

EARTO-European Association of Research and Technology Organisations

Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 20 countries. EARTO members represent 150.000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.