Government funding for digitalisation can enable operators to increase SMEs' take-up of their services

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Eileen Zimbler

Governments in many countries in Europe have created funding programmes to promote the digitalisation of small and medium-sized enterprises (SMEs). Additionally, the European Commission's Recovery and Resilience Facility (RRF) is providing more than EUR400 billion in voucher schemes. Some operators are already benefitting from the increased adoption of their services, but others should do more to support SMEs in accessing the funds by promoting their schemes and helping with applications. In this article, we outline some of the approaches being taken by operators.

Government-sponsored funding schemes to support businesses' digitalisation plans are available in several European countries

The EU has allocated approximately EUR44 billion in funding to support SMEs' recovery from the effects of the COVID-19 pandemic. Governments in several EU countries have also created programmes that subsidise faster internet connections, cyber-security solutions and other IT services for SMEs based on the RRF (Figure 1). For example, the Greek government is offering SMEs vouchers to purchase IT solutions in areas such as digital sales, payments, AI and cyber security. Some schemes are based on the number of employees in the business, while others categorise the funds available based on the type of technology needed.

Figure 1: Government-sponsored funding programmes for SMEs based on the RRF

Country	Programme name	Budget	Target market
Greece	Digital SME Tools programme (IT services)	EUR375 million	Companies with up to 250 employees
Italy	MISE Connectivity Voucher (connectivity)	EUR609 million	Freelancers and SMEs with fewer than 250 employees and that earn less than EUR50 million per year
Portugal	Recovery and Resilience Plan (PRR) (IT services)	EUR13.9 billion in grants and EUR2.7 billion in loans	SMEs
Romania	National Programme for Recovery and Resilience (NRP) (IT services)	EUR348 million	SMEs with up to 249 employees
Spain	Digital Kit programme (IT services)	EUR3 billion	Small offices/home offices (SOHOs) and SMEs with up to 50 employees

Source: Analysys Mason

There is also government funding to support broadband roll-outs in rural areas in Europe. For example, the government in the UK has allocated funds to help businesses in rural or hard-to-reach areas to gain access to fast broadband speeds.

Operators are taking various approaches to help SMEs to obtain support from government funding

Most SMEs need some support when applying for government funding because the process can be complicated and time-consuming. There is a range of ways in which operators can best support SMEs while also using government-sponsored programmes as a selling tool.

- **Marketing.** Telefónica has launched an ad campaign, including TV advertising, to promote both its solutions for micro and small enterprises and the European Funds initiative.

- **Dedicated webpages.** Operators can lead customers to landing pages that describe the funding programmes in detail.

- **Click-through banners.** Operators can advertise the aid programmes on the landing pages for their fixed connectivity offers. For example, TIM (Italy) and Fastweb (Italy) have click-through banners running across the top of their fixed broadband webpages.

- **Web form applications.** Operators can provide forms on their websites that customers can fill in to apply for funding. The operator can then submit the application on their customer's behalf. For example, Virgin Media O2 (UK) has a landing page that helps SMEs to apply for a voucher, and the operator then installs the service once the voucher has been received. Telefónica also offers a web form to enable customers to avoid having to deal with all the documentation.

- **Telephone support.** Only certain solutions are included in the Greek government's programme, so Vodafone and Cosmote offer customers access to customer service representatives that specialise in helping SMEs to apply for vouchers and select suitable, qualifying solutions.

Many operators use multiple approaches as shown in Figure 2.

Figure 2: Operators' approaches to supporting SMEs to access government funding

Country	Operator	Marketing	Dedicated webpages	Click-through banners	Web form applications	Telephone support
Spain	Vodafone		✓	✓	✓	✓
	Telefónica	✓	✓		✓	✓
Italy	Vodafone		✓	✓		✓
	TIM		✓	✓		✓
	Fastweb		✓	✓		✓
	Tiscali		✓	✓	✓	✓
Greece	Vodafone		✓	✓		✓
	Cosmote		✓			✓
Portugal	Vodafone		✓			✓
Romania	Vodafone		✓			✓
UK	Virgin Media O2		✓			✓

Source: Analysys Mason

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The results of operators' efforts are promising. For example, Telefónica has reported that almost half of the applications that it has submitted on behalf of customers have been approved. This figure may seem low, but the Spanish government is slow and often rejects applications due to incomplete documentation. Indeed, it would appear that only 29 000 of the 77 000 applications submitted by players in the technology sector as of October have been approved. Telefónica advertises the programme as a good opportunity for SMBs to start using IT services because they will be almost free for the first year.

Operators need to make it easy for SMEs to obtain government funding and should have readily available qualifying services

Operators should actively advertise government aid schemes to SMEs (both existing customers and prospective new clients). Operators can use the programmes as an opportunity to educate, support and encourage SMEs to adopt new IT services and to see the value of digitalisation. They can also increase the value of existing customer contracts, and those that enable their customers to apply for vouchers directly can more-easily use government schemes as a marketing tool to drive more customers to their website. Those in countries in which governments are offering support for increased bandwidths (such as the UK) can use the programmes to help fund the roll-out of high-speed fibre.[1]

Many operators are taking advantage of aid programmes, but others seem surprisingly quiet. Operators that do not take advantage of these schemes are missing an important opportunity to increase the ARPU of existing customers, develop a reputation as a trusted advisor for SMEs and gain new customers.

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[1]   For more information, see Analysys Mason's *Fibre broadband offerings for SMEs: operator strategies.*

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