



Digital Business Ecosystem

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SME Engagement

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**Summary report of SME engagement
management**



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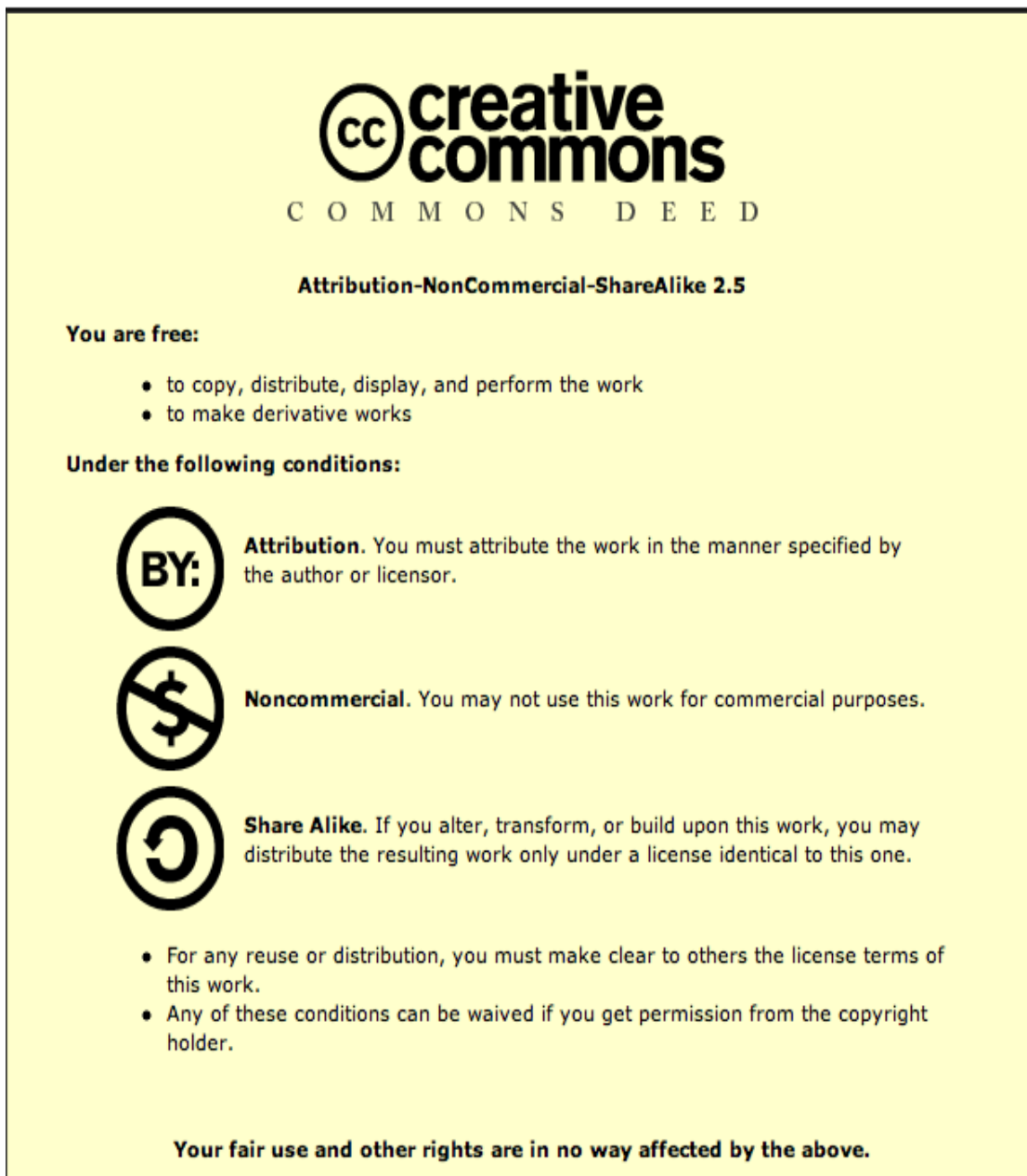
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1 Introduction

The Task C29 concentrated in planning and executing the open call procedure of formal SME engagement. This deliverable summarises the activities that have been done in the SME engagement management.

Chapter 2 introduces the SME engagement strategy in short.

Chapter 3 describes the planning of the SME calls and how information about DBE was distributed to SMEs.

Chapter 4 concentrates in the implementation of the calls, evaluation of the SMEs and the actual engagement of SMEs in different stages.

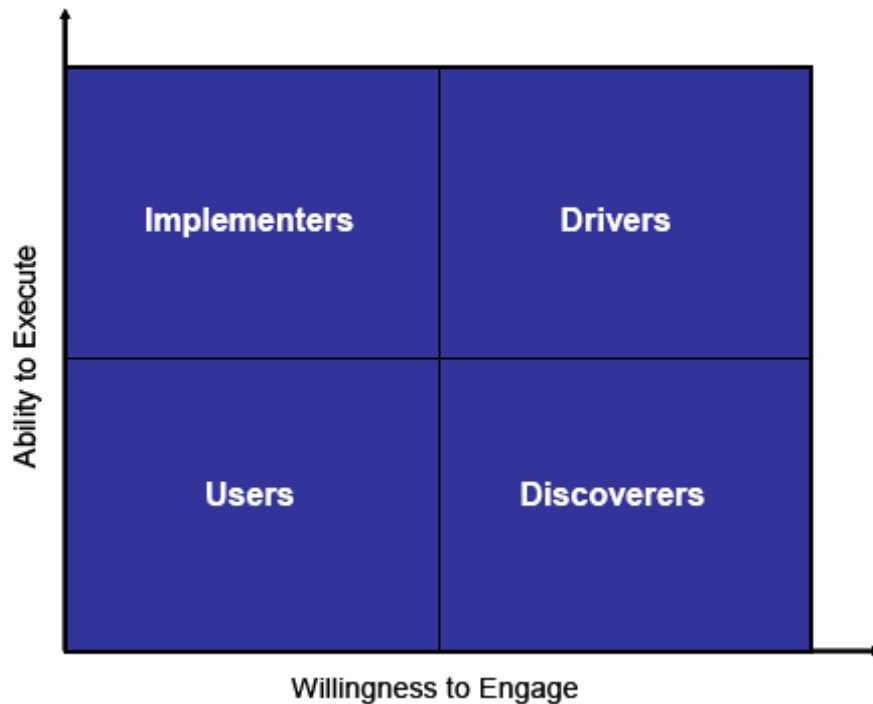
Chapter 5 summarises the engagement process from regional point of view and points the main issues that were encountered during the engagement process.

2 SME Engagement strategy

DBE being a research initiative faced a great challenge in engaging SMEs that are by nature unwilling to participate in research projects. The time span of SME activities is very short whereas in framework projects it is rather long. SMEs expect results to their efforts in months and participation in DBE yields results in years. Neil Rathbone recognised this challenge already in November 2004 and synthesised it in the following way:

SMEs can often have many agencies trying to persuade them to become involved in projects and schemes, each of which requires an act of faith and promises in return to bring benefits in the future. A responsible SME owner or director will severely limit the resources that are put at risk by 'investment' in initiatives that have high risk, or where the reward is a long way off. SMEs tend to ask 'what is in it for me now - guaranteed?' and will need to hear a very convincing argument as to why their enterprise, which will normally be busy with its business objectives, challenges, and problems, should divert time and resources into a high-risk research project. At present we do not collectively seem to have an argument that would be credible with an individual SME as to why they should join in the research now rather than stand back and say 'Great, call me again when it's up and working'.

For the above reasons the SME engagement needed to be planned and implemented very carefully. The engagement strategy of DBE was to approach different types of SMEs in several stages. The following picture shows the SME typology:

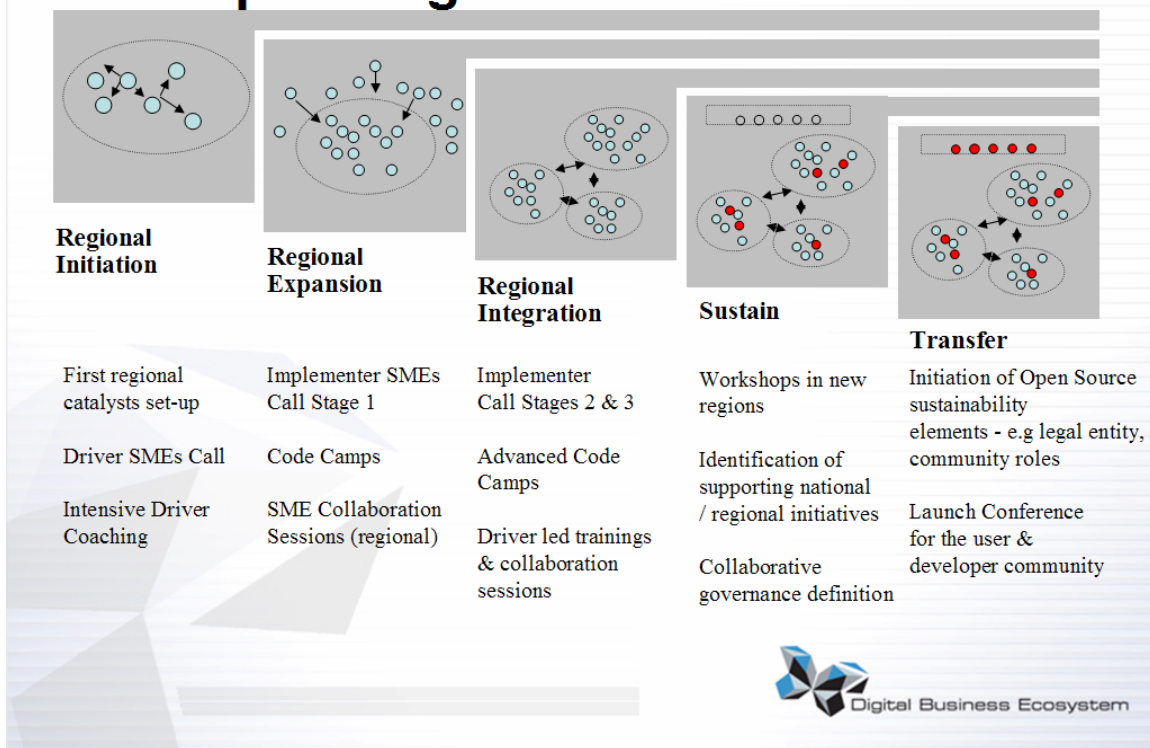


Picture 1. SME typology

The Drivers were the first software developer SMEs to be approached. Discoverer SMEs are the clients of drivers, first end users of the services integrated to DBE, and initially they were to be approached independently. Based on the experiences on the drivers' engagement, they were decided to be linked with the software developer engagement, however. Implementers are the second, larger group of software developer SMEs that were invited to integrate services to DBE. Users are the large majority of DBE utilisers that use the DBE and software integrated to it.

Engagement execution was planned in different stages, as mentioned above. The different stages are presented in picture 2.

Community engagement approach in the pilot regions



Picture 2. Community engagement in pilot regions

The picture 2 describes the final engagement stages that have been or will be implemented. According to the Delphi survey there are several opinions on the actual timeframe of the different engagement stages. In this deliverable these stages will not be presented any further as it has been done in several others, particularly in D28.1 and 28.13

3 Planning the calls and call media coverage

3.1 Call texts

The SME call texts were at first planned to be exactly same in all three DBE regions. Because of small differences between the regions and due to the fact that Tampere implemented their first SME call earlier than the other regions, the call texts were decided to be done region-specific. Call texts were 90 % similar and the differences between them were structural or related to the style in which the call was presented to SMEs

The call text development and evaluation process took a long time and several rounds between the regional catalysts. Initial draft was created by ITA and it was evaluated and revised by UCE, TCH and Censis. Call texts of all pilot regions are presented in annexes of this deliverable.

The calls were delayed due to a number of reasons. First of all, the DBE technology releases were late and DBE open source projects were not publicly available. The SMEs needed to be ensured of these facts before they could make decisions on whether or not DBE would be feasible for them. Secondly it was realised just before the calls were to be published that non-university partners, ITA and TCH from the regional catalysts were not able to distribute the funds for the SMEs because of the different cost model. For this reason there was a need to engage and contract additional regional partners that would take care of the funding and contracting of SMEs. In Tampere the partner was TUT, Tampere University of Technology and in Zaragoza the partner was UZA, University of Zaragoza.

For the above reasons the Regional Catalysts decided, supported by the PMEB to make the call for drivers a simplified one and to combine the first two calls for implementers. This was seen reasonable because there was not a long delay between the calls and the project time left after the first call was a lot shorter than initially anticipated. Calls were presented in national newspaper and also in regional website. In addition there was information events held to promote the calls. This will be described in the following chapter.

The third call for implementers was implemented separately in all regions based on the situation after the first calls. ITA carried out the third call very similarly as the previous ones because they had already a very good amount of SMEs committed to DBE. TCH and UCE were having trouble in finding good SME proposals and thus the third call in both regions were made open and the efforts were put to direct marketing of DBE and its possibilities. This allowed both regions to activate all potential SMEs and concentrate on evaluation of the SMEs rather than the call procedure. Also, the project time left was very limited, only a few months to, so a closed call procedure would have prohibited some SMEs to participate in DBE. The evaluation of SME proposals was made very carefully, which will be described in chapter 4.2 in detail.

3.2 Information days, materials and media coverage

The most important source for information of the SME engagement was the regional website in local language. The approach to regional websites was somewhat different in different regions. ITA produced very early in the project an impressive and extensive website mostly in Spanish including even forum for discussion. TCH made the local language website mostly to serve the calls and there were links to other regional sites, weblogs of the SME cases and to the international DBE sites. UCE being the only English-speaking country could concentrate on the special cases that SMEs were interested about. Their local website is in the form of a weblog that is updated by several

people. UCE created a number of walkthroughs that were extremely helpful to SMEs trying to figure out how to utilise DBE in their business.

The call was to be announced in at least one national newspaper. All regions made there evaluation of the most effective media and published the call in the paper. Advertising was used otherwise vary little and the effort was put in distributing the message to the potential target group in other ways.

Information materials were prepared both in English and in local languages. Later in the project there were produced flash-animations to give an overview of the DBE and its potential and even details about the installation of the DBE environment.

The information distribution was done both in public coverage, events etc. and individually to SMEs. The potential SMEs were identified by the regional catalyst from existing networks and from different registries and they were approached by emails and phone calls. This was emphasized later in the project as there was a pressure of attracting adequate number of SMEs when the public advertising and informing was not successful enough to speed up the SME engagement.

The real challenge of approaching SMEs and informing them about DBE was the complexity of the DBE. It is very difficult to give an elevator-pitch about DBE to an SME because of the versatility and complexity of the platform and also because the utility of the platform depends heavily on the business of the SME that uses DBE. The situation is similar to presenting the ink container of a pen to an owner of a pencil and trying to convince him to take the ink container and build a pen out of it. It is a fact that in many (but not all) cases a pen is better than a pencil but it requires quite a bit work to create a pen from an ink container. There are different ways of making B2B communication services (e.g. Web Services) and DBE will never fully replace these other methods. However, if the effort to use DBE is made, it has several advantages.

Information days were held to promote the calls. There were all kinds of events; large events in which DBE was presented, DBE-dedicated events and also small events where driver SMEs presented their work to other potential SMEs while the calls for implementers were open.

3.3 Conclusions of planning the calls

The two main challenges of the calls were a) to reach all potential SMEs in the region and b) to provide interested SMEs adequate information about DBE and how to participate in it. All three regions performed very well in these two activities even though the number of engaged SMEs is significantly larger in Spain than on Finland and UK.

The call procedures were carefully planned between the regional catalysts. Actual implementation of the calls is presented in Chapter 4.

Regarding the information for the SMEs, the challenge was to find and condense the existing materials to meet the purpose.

4 Implementing the calls and SME engagement

The SME engagement process was the following:

1. Publishing the call
2. Evaluation of the proposals
3. Negotiating with the SMEs
4. Creating a contract
5. Evaluation of the SME performance
6. Paying the funds to SMEs

This chapter describes the implementation of the calls and SME engagement in detail. The key process is described in the TCH chapters and in ITA and UCE sections the deviations and specific issues are mentioned.

4.1 Implementation of calls

The first call was delayed as mentioned in chapter 3.1. This led to a situation where there were a number of SMEs that were interested in the DBE, but the unexpected delays in the call postponed their start. The first call for drivers was agreed with the regional catalysts and PMEB to be greatly simplified. This was due to the special occasion of the SMEs coming to test the DBE environment that was still at an early stage and immature. When the first Finnish SMEs began their work with DBE in May 2005 there were no public releases of the DBE source code available for them.

4.1.1 Finland

In Finland the driver selection was based on a request for proposals that was open between April 15th and April 25th 2005. Four drivers were selected, but one of them did not make the contract because of resource problems. Yet another SME dropped off later, because it did not receive the commitment of the client it planned to make the DBE integration. This SME participated in a number of SME events, but unfortunately could not go any further. Two driver SMEs finished their projects according to plans.

The calls for implementers were supported by two driver-implementer events, where driver SMEs presented their DBE cases. There were a total of 30 SMEs present in the events, but only one SME expressed its interest towards DBE. The first two implementer calls yielded 4 proposals of which 2 were follow-up projects by former drivers and 1 a former partner of a driver in the driver project. The only new SME did not finish their

project because of resource problems after the negotiation phase had taken too long time. This will be described in chapter 4.3.

The third call for implementers was made an open call because there was so little time left to engage a large number of SMEs. For this purpose TCH recruited a specialist that could evaluate the SME proposals and help them build the integrations. The evaluation process was kept formal and tight, however, to ensure the transparency of the engagement process. SMEs were contacted by all available means including newspaper and newsletter coverage, direct emails, phone calls and one-to-one meetings. The final call yielded 4 new implementer SMEs that all were able to finalise their project in a prompt timeframe.

The TCH specialist Mr. Manu Setälä also provided a helpline for the SMEs supported by DBE website (<http://www.digital-ecosystem.org/>) and its flash-animations, UCE weblog (<http://opensoa.blogspot.com/>) and the Finnish weblogs (<http://www.nemein.com/planet-dbe/>). Normal procedure was that the first call to helpline concerned the “KB Connection problem”. When this was solved and the environment was in working situation at the local computer, the second step was that the environment was not fully understood. All of the users needed the first help to get the first ‘Hello world’ application to work. That was not a problem with the application, it worked when it was made but when the new versions of the environment were published, which happened quite often, application stopped to work. This was one major challenge that was inevitable because of the research orientation of the DBE project and it was difficult to explain to the SMEs. A common request for the project web site was that there should be a correct how-to document. This kind of document first describes how the software is downloaded and installed. Second part of the document presents a very easy “hello world” application; how the application works, how can it be modified and how can new versions be made and distributed from it. The first lesson for SMEs must be very easy.

4.1.2 Spain

Aragon postponed the driver selection because of the delays in technology platform releases and summer vacations that would have interfered with the induction training of the drivers. The ITA team in Aragon conducted the call for drivers according to the structure agreed with the regional catalysts obtaining 4 driver SMEs. All driver projects were successful and they provided a solid ground for the successive project phases.

The second call, first call for implementers, yielded 9 approved proposals and the second call 12 thus totalling 21 implementer projects. Aragon could reach their SME engagement goal for DBE project through these official calls for tender and no additional calls were needed. One decisive difference compared to other regions was that ITA was able to engage regional funding to add on EC funding very early. This had a two-fold effect in the success of the calls. First the SMEs could create larger projects to integrate services in DBE and thus DBE got much more appealing for them. Secondly the regional

funding convinced the SMEs about the regional commitment and thus the sustainability of DBE in the Aragon region.

For the helpline Aragon established dedicated forums for the SMEs. The forums provided a place to share experiences and provide online training for the SMEs. In addition, Aragon established dedicated mailing lists for all different calls for tender. Up to date information was delivered to the SMEs about the events and changes in the DBE environment as well as all other issues that required the attention of the SMEs.

4.1.3 UK

UCEs early endeavours for engaging with SMEs were partially successful till the time they identified and engaged the right business intermediary.

Formal calls, early in the project were seen to produce insufficient recruitment despite high costs per unit response. UCE identified that the cause of low response rates were in the poor expected returns to SMEs for their outlay of time and money in support of an uncertain, complex, and as yet undeveloped architecture and set of services.

UCE sought to offer better value for money by making the SME investment as practical and tangible in business terms as we could and to try to provide short term gains for each business-e.g. business model examples. They thought this would be better achieved through an intermediary than by relying on impersonal 'broadcast' offers through journals.

UCEs process for search on such an intermediary included organisations such as accounting and consulting firms; funded projects; large firms; regional associations, incubators, etc. EMNET is a regional ISP providing Internet and IT services for a large group of SMEs.

EMNET became UCEs ideal intermediary to help them create the level of engagement that was required in the DBE project. Additionally EMNET has been a big motivator for UCE to apply for the follow-on development opportunities such as Centre for Business Software. However, EMNET has also voiced concerns regarding the DBE technical architecture.

Hence, UCE was keen on avoiding such pitfalls and was required to choose simple services and services around BML.

UCE aligned its call for engagement of implementer SMEs with the two other regional catalysts. The first step was to facilitate the awareness of the DBE project and to create interest for engagement through open days. Two such open days were held within the region by publishing the details about DBE in the web sites of regional associates. The open days were organized into two sessions one in the morning and one in the afternoon

to provide flexibility to the attendees. The sessions were organized into presentations about DBE, business potentials, service development & integration, regional requirements, demonstration of sample services, brief hands on and Q&A for clarifications. In all eight new SMEs were introduced during the open days. Most of these new SMEs showed interest in the long term objectives of the DBE project while showing concern about the research nature of the project, its commercial viability and also the support for funding.

Some of these SMEs voiced concerns on the supply and demand side of the DBE services and our plan for engagement. This was from the view that most of the Software Developer SMEs focus on large firms for business opportunities rather than SMEs as they do not see them as prospects for business opportunities. This matches with the research views as the majority of the SMEs have the lowest ICT adoption levels making them least attractive for selling software services.

All the SMEs UCE have met so far have indicated that engagement through a public tender call is not the best approach for them as they do not follow this route for attracting new business opportunities. Also they do not have sufficient resources to follow this approach. UCE addressed this issue by offering help that was required to prepare and submit the proposal including the technical writing of the proposal. Tendering procedures were also seen to be complex.

However, the publication of the official call for engagement was done on October 2005 as planned in the journal Computing (Refer to figure below for the call advertisement). The call was closed on December 5th, 2005. In total nineteen SMEs were interested and requested additional information to participate. Out of them only three SMEs actually submitted a proposal before the deadline and three SMEs requested for additional time to submit their proposal. One SME requested for a withdrawal of their proposal citing the research nature of the project. The UCE team was constantly engaged with the SMEs in preparation and submission of their proposals. During this activity, potential services were identified to map to the regional opportunity spaces and to exploit the capabilities of the DBE architecture. The proposals included a composite service delivery model where the software services will be delivered through an ISP – EMNET – to 50 SME Users.

**INVITATION FOR ADDITIONAL
SUB-CONTRACTORS FOR THE DIGITAL
BUSINESS ECO-SYSTEM PROJECT (DBE)**

The Digital Business Eco-system (DBE) project currently active in the Sixth Framework programme of the European Community for research, technological development and demonstration activities contributing to the creation of the European research area and towards innovation (2002 - 2006) requires the participation of new Sub-contractors to carry out specific tasks within the project.

The DBE is the first of its kind initiative to pursue a peer-to-peer based approach to create an evolving Service orientated environment for electronic business transactions. It is designed specifically for the needs of small to medium-sized businesses (SMEs) and entirely Open Source.

Only SW Developer SMEs from the United Kingdom are able to bid for this tender (specific criteria apply) and the skillsets required to participate and use the DBE architecture are - expertise in web services development (i.e. WSDL, SOAP, XML-RPC etc) and software engineering processes that include business and software modelling of processes using UML based tools.

The DBE consortium is looking for proposals from SW Developers that are willing to integrate an own application with DBE environment as a pilot. These pilots should refer to a concrete SME business context with the possibility to derive feedback from pilot users.

**Further information can be obtained from Nagaraj Konda,
email: Nagaraj.Seetharamon.Konda@uce.ac.uk**

Written applications for organisations who wish to participate in the DBE should be addressed to: Dr. Rod Shelton, Business School, UCE Birmingham, Room 212, Galton Building, Perry Barr, Birmingham B42 2SU no later than 5 December 2005.

Due to the delays in the release of a stable architecture, the focus became more specific on the Search and Discovery (S&D) feature which was being developed with EMNET as part of our BML expertise. The target groups for this route of engagement were contacted using intermediaries and business contacts where different delivery approaches were used. As our earlier experience of a public tender call was not very yielding an approach of PR direct mailer was developed. This approach has supported the engagement of 72 User companies from the Web Design industry.

Pilot project participants will have the opportunity to develop various routes to new business;

- Web design and marketing suppliers will have the opportunity to win business directly from clients who are also participating in the project. This aspect of the project is supported by European funding.
- Companies will be supported in developing a detailed profile of their areas of activity, specialist skills and current clients. These will provide better quality data to existing web search engines increasing the possibility of being found by potential customers.

- The profiles will also be used within the project to generate business opportunities with ‘client’ project partners.
- As digital business ecosystems develop, pilot participants’ use of the internet as a shop window will be much stronger than it would be otherwise.

The new system also opens up the possibility of utilising widely distributed specialist web skills in a way that is much more efficient than has previously been possible. Contracts requiring resources that are beyond the capabilities of individual companies will now be possible as temporary project teams can be assembled quickly and efficiently even when contributors are based in different areas.

The project is part of an 14m€ investment by the European Union to encourage economic development via improved computer technology. Project partners include IBM, Sun Microsystems, Intel, London School of Economics, Imperial College London and several other university teams across the EU.

Tim Miller, CEO of EMNET commented, *“The DBE software offers a huge leap forward in the efficiency of the Internet as a tool for purchasers to locate exactly the right supplier of specialised services. The pilot project already has around 100 contracts available to SMEs who choose to take part in it so there is the added attraction of winning real business immediately. It is particularly exciting that SMEs in this region have the opportunity to get involved right at the start of something that will become so important in their future business development and could help get them on the supplier lists of global players.”*

4.2 Evaluation process

The evaluation process was defined in the call guidance document presented in annex 4. This chapter describes the regional efforts in proposal evaluation.

4.2.1 Finland

Each region was responsible for the evaluation process of the region themselves. The driver call differed in Finland, because it was made in Finnish, so no international evaluators were possible to participate in it. There was a division of work between TUT that took care of the contracting and the funding and TCH that took care of the SME engagement. TCH was responsible for the evaluation and there were internal evaluators (Petri Räsänen, Tommi Rissanen, Manu Setälä and Juha Miettinen) and external evaluators (Jukka Huhtamäki, Eeva Salminen and Marko Seppä). In the implementer evaluation also Elmar Husmann participated in and the SME proposals were presented and evaluated (in a general way) in business domain meetings. Ilkka Virtanen and Mr.

Aapo Puhakka, who represented the funding partner, TUT made the final contractual evaluation for the proposals at all stages.

The evaluation of the final call for implementers was the responsibility of Mr. Manu Setälä. He used his professional contacts to make sure the competence of the SME and its proposal and made a thorough evaluation of the proposals. The SME proposals were then presented to the evaluation group that made the decision of whether the proposal was to be funded. The members of the evaluation group were Manu Setälä, Petri Räsänen and Tommi Rissanen, all from TCH. There was not a possibility to use evaluators outside TCH at this last stage, because the timeframe was very tight and the decisions had to be made in days. Exception to this was the proposal of Gofore that included the engagement of a large number of users. This proposal was evaluated by Mr. Elmar Husmann in addition to the evaluation process above. The proposals that went through the preliminary process were all accepted and the projects finished because of the excellent preparatory work.

4.2.2 Spain

The ITA proposals were evaluated by an evaluation team consisting of ITA experts and experts from their key stakeholders. The evaluation was made with mainly internal experts because the proposals were in Spanish and translation would not have been reasonable usage of funds. The consistency of evaluation was guaranteed by using similar evaluation forms than in all other regions. Also, ITA was most critical about the proposals (they also had the greatest amount of proposals) in the sense that they rejected more proposals than the other regions.

4.2.3 UK

In West-Midlands the proposals were evaluated using criteria agreed with colleagues in Spain and Finland. SMEs needed to demonstrate in writing that they had the knowledge and skills in place to deliver a service and associated code to enable it to be included in the DBE architecture. UCE needed companies willing to accept our contractual terms as they were required to contract using a specially prepared legal document to protect the UCE interests. These were in turn related to their administrative and audit requirements e.g. for invoices and timesheets. The UCE team evaluated the proposals and each decision was confirmed and counter-signed by our Project Director. Proposals were rejected where the motivation appeared to be inappropriate or unrealistic, e.g. in terms of time allowed. Ideal candidates were keen to work with partners in the project including other SMEs and were able to offer prospects of growth e.g. by introducing other 'user' companies.

4.3 Negotiations, contracting and following up the SME projects

The negotiations and contracting were implemented following the guidelines presented in annex 4. This chapter describes the regional activities in detail,

4.3.1 Finland

The process was such that after the driver call for proposals and two first calls for implementers all candidates were informed about their proposals via email and a suggestion to begin negotiations was made. In the last, open call for implementers all SMEs that had submitted proposals were informed individually as soon as the decision about the proposal had been made.

After the evaluation of the proposals there was a negotiation period. Because of the unexpected need for an additional partner, this phase was unfortunately prolonged. It took a long time (from SME perspective) for TUT to be accepted as a DBE partner. Furthermore, the orientation of TUT in the contracting matters took also a long period, which was not good at all from the SME perspective. One SME dropped out from the project during the negotiation phase, because they had other commitments after the DBE project that could not start when planned. Others struggled with this problem, but all but one (described in later) managed to complete their projects.

During the negotiation phase the project plan presented in the proposal was checked and refined. Normal questions to be answered were:

- Who is the manager of the sub project and what are the human resources?
- What will be the output of the sub project?

One very important issue in this phase was to think together with the SME about getting the final customer and define the requirements in the customer backend. For implementers the project funding alone was normally not enough. They wanted to have customers or at least good promises to get ones. Some of the companies asked if it is possible to make profit out of DBE integration or should the work be made non-commercial.

Almost all of the implementers needed information about the kind on reports they were expected to create and how the information of their customers would be handled. Some of the end user companies were not willing to give any information to the project and it is very likely that the number of end users is bigger than reported. All SMEs commented about the amount of bureaucracy, which was heavy compared to the size of projects.

The last negotiations with the implementers were carried out when the sub-project was at it's end. These negotiations concentrated in the demonstration of the application and the source code walk through. The documentation was checked too.

One SME dropped out in this last stage, because it could not meet the requirements of the contract. This was unfortunate for all stakeholders, but there was no other choice than to

cancel the contract. Altogether there were projects that stopped in all stages of the process:

- One driver dropped out in the negotiation phase because of lack of resources
- One driver dropped out in the project implementation phase because the client did not want to go further with the project
- One implementer dropped out in the negotiation phase, because the contracting took too long and the resources were no longer available
- One implementer dropped out in the project implementation phase, because it did not finish the project

None of these SMEs received any funding.

There were some unwanted negotiations. When the second stage implementers made contracts with TUT the contract was so tight and so difficult for SMEs to accept that total number of eight negotiations was needed to get the lawyers modify the contract so that it could be accepted by all involved organisations. The model contract provided by the project was not acceptable for TUT because it contradicted with the consortium agreement. These negotiations took over one month to finish and this was one reason why all the sub projects were ready about one or two months later than expected, one did not start at all and one did not finish. It was also time-off from actual SME recruitment and because the implementers started late, they had less time to find end user companies.

The dialogue between the SMEs and regional catalyst was constant. TCH acted as a link between the SMEs and other project partners. They requested information from the technology partners regarding the DBE projects and also provided feedback for the partners from the SMEs. Later, when TCH had recruited Mr. Manu Setälä as the DBE specialist, a lot of help requests could be answered directly by him or utilising the online training content in DBE website and especially in UCE website. SMEs also helped each other, particularly Nemein and Sovibox helped the other SMEs a lot.

When the projects were completed respecting the contract and the source code and other documentation was checked by Mr. Manu Setälä, TUT was given a written acceptance to pay the funds for the SMEs.

4.3.2 Spain

Aragon faced the same difficulty in the need of a university partner as TCH. They needed to establish similar partnership with University of Zaragoza as TCH did with TUT. This inflicted a delay in ITAs SME engagement as well, but their team had been able to create strong relationships with the group of potential drivers and implementers and thus the negotiations went smoothly. Also, the building up of a forum and the near proximity of SUN's developers of execution environment helped in the negotiation phase.

ITA used the model contracts provided by the project and it went easier than in Tampere. The follow-up of the SME projects was constant and very close. The DBE projects were

divided into specific work packages that were reviewed by ITA. Also, the SMEs had regular meetings with each other to guarantee the steering of their work to the same direction. This was due to very good management of DBE projects from ITA. The fact that the SME projects were twice as large as in other regions naturally also helped the process.

4.3.3 UK

Negotiations with SMEs were often protracted, some taking several months as we worked through contracting and registration issues, checks on financial and legal status, knowledge and skills; and at the same time provided sufficient insights into the project to enable them to evaluate the net benefits to themselves. We arranged workshops which new recruits could attend to share in group discussions about the project to allay their fears and to provide role models from earlier recruits. In this process some were able to see commercial benefits from associating with other SMEs and were certainly encouraged by their trust and goodwill towards the project.

We realised that individual formal recruitment might be improved on by recruiting indirectly from the regional ISP company EMNET. They could easily demonstrate the relevance and potential of the DBE to their existing client SMEs and through them we were able to recruit large numbers quickly and to develop relevant services for them at low cost.

A key factor in our negotiations was our ability to provide face to face training at or near the workplace and to fit this into the real world business context with the expectation of innovation.

4.4 Conclusions of implementing the calls

The calls were initially planned and implemented according to the same guidelines in all three regions. Because of regional differences, there was a need for some adjustments to the plans. Non-university regional catalysts needed to partner with a university to be able to provide funding for the SMEs. Aragon was able to include regional funding to the projects already before the EC funding ended. TCH was late in taking a technology expert to the team to strengthen the technological competence of the regional catalyst.

For the above reasons the call process in all regions was slightly different. The principles remained the same and were carefully respected in all regions:

- Objective was to engage a total of 80-100 SMEs in all regions
- DBE Call Procedure was to be respected
- Evaluation criteria and process has to be unified and transparent

- Follow-up of projects and review of the result has to be done before distribution of funding

Where there was a need for changes in the initial plan for SME engagement, PMEB was consulted.

5 Summary of the SME engagement management

SME engagement in a large research project is a very challenging task, as presented in the beginning of this deliverable. There are several issues that need to be tackled; the differences in timescale in which results are expected, attitude towards bureaucracy, willingness to fund and participate in research activities and the fact that there are many development agencies helping the SMEs all in their own way. This made the SME engagement the most challenging of the regional catalyst activities.

As the end of the project is close, it appears that the objectives will be reached. The total number of users that will be taking the DBE integration is not yet clear. Because many services were integrated in DBE rather late, the users for these services will be confirmed during year 2007. The SME engagement took quite a lot more work than was anticipated by the regional catalysts and also the call procedures needed to be adjusted to meet the regional requirements. The SME engagement has been done respecting the regulations and guidelines given, though.

The lessons learned from the SME engagement are that technological competence is very important and it is emphasized in a situation where SMEs are expected to use a technological platform that is under development. Also it is obvious that, where possible, it helps to engage the policy makers to the process in as early phase as possible. It provides in most cases the trust that SMEs need when making the decision on whether or not to commit to a new technology. It can also be said that there are multiple paths to the same goal and some work better in a certain region than the others. Thus the regional catalysts implementing the SME engagement need to be very well aware of the regional business situation and have good existing relationships with both the policy makers and the SME community.

6 Annexes

1. Initial call announcement format
2. Individual assessment report for an integrated project
3. Consensus report for an integrated project.
4. Guidance note for Regional Catalysts planning a competitive call for SMEs sub-contracting

Annex 1 - Initial Call announcement format

ANNOUNCEMENT OF A COMPETITIVE CALL FOR AN ADDITIONAL SUB-CONTRACTORS FOR DIGITAL BUSINESS ECOSYSTEM PROJECT (DBE)

The Digital Business Ecosystem (DBE) project currently active in the *Sixth Framework programme of the European Community for research, technological development and demonstration activities contributing to the creation of the European research area and to innovation (2002-2006)* requires the participation of new project Sub-contractors to carry out certain tasks within the project.

Project contract number: 507953

Project acronym: DBE

Project full name: Digital Business Ecosystem

Instrument type: Integrated project

Summary of task(s) requested:

up to 2,000 characters

Expected duration of participation in project: from Month/Year to Month/Year(I suggest a maximum time for integration process of four months for drivers, and six months for developers and users)

Estimated costs and funding for the tasks:

Research costs: €XXX (to be supported by DBE funding of up to 50%)

Call identifier -

Language in which proposal should be submitted: English/or national one

Date of close of call: dd/mm/yyyy

Time of close of call: 17h00 Brussels time

Web address for further information: call webpage

Mail address for further information: One of the Regional Catalyst

Annex 2 - Individual Assessment Report for an Integrated Project

Proposal id :

1 – poor: 2 – fair: 3 – good: 4 - very good: 5 – excellent; 0 -the proposal fails to address the issue/cannot be judged against the criterion due to missing or incomplete information Half marks may be given

1. Technical excellence (<i>Threshold 4/5</i>)	Mark:
2. Quality of the proposer (<i>Threshold 3/5</i>)	Mark:
3. Economic vs Quality (<i>Threshold 3/5</i>)	Mark:
Overall score (<i>Threshold 10/15</i>)	Mark:

I declare that, to the best of my knowledge, I have no direct or indirect conflict of interest in the evaluation of this proposal

Name
Signature
Date

Annex 3 - Consensus Report for an Integrated Project

Proposal id :

1 – poor: 2 – fair: 3 – good: 4 - very good: 5 – excellent; 0 -the proposal fails to address the issue/cannot be judged against the criterion due to missing or incomplete information Half marks may be given

1. Technical excellence (<i>Threshold 4/5</i>)	Mark:
2. Quality of the proposer (<i>Threshold 3/5</i>)	Mark:
3. Economic vs Quality (<i>Threshold 3/5</i>)	Mark:
Overall score (<i>Threshold 10/15</i>)	Mark:

I declare that, to the best of my knowledge, I have no direct or indirect conflict of interest in the evaluation of this proposal

	Evaluator 1	Evaluator 2	Evaluator 3
Name			
Signature			
Date			

Annex 4. Guidance note for Regional Catalysts planning a competitive call for SMEs sub-contracting

1. Introduction

The participants in the consortium managing the DBE Integrated Project funded by the Sixth Framework Programme of the European Community for research, technological development and demonstration activities contributing to the creation of the European research area and to innovation (2002-2006) can, during their initial contract negotiation with the Commission, reserve a portion of the project budget for specific tasks. These later-joining sub-contractors must be selected by means of competitive calls.

This document describes the DBE procedures needed to implement at local level the competitive calls.

The responsibility for setting up of calls as well as the their evaluation is conferred to the DBE Regional Catalysts and the PMEB.

More specifically, the Regional Catalysts are responsible for the following tasks: publish the call for proposal, receive, evaluate and select proposals according to the rules given in this document and subject to the approval of PMEB.

The costs of the competitive call, like all project expenditure, are limited to those costs that are actual, economic and necessary and assigned budget has been allocated for this activity.

The following rules are required to the Developers and Users SMEs calls. Regional Catalysts are free to use simplified version of these procedures for Drivers selection. Nevertheless, if a simplified version is used, a unique agreed version has to be sent to the PMEB between the three involved Regional Catalysts by the end of the 2004.

2. Preparation activities

2.1 The initial Call announcement

Each Regional Catalyst should prepare a dedicated website for information about the call. The URL of this site should be linked to the <http://www.digital-ecosyste.org/>.

Each Regional Catalyst web site has to include a download section with the following key necessary documentation:

- Initial Call announcement
- The full call text
- The Guide for SME Proposers
- The Membership Agreement template (or Contract) to be fulfilled and signed by Regional Catalyst and SME (once selected)

See **Annex 1 to Annex 4** for previous templates

2.2 The full Call text

At least 50 days prior to its expected date of publication, the Regional Catalyst will submit to the PMEB the full Call text for approval. This call text should contain:

- The initial Call announcement
- A detailed account of the tasks or groups of task to be carried out, clarifying how many proposers may be successful in the call/in each group of tasks
- Any restrictions on participation in any part of the call (e.g. only certain types of organization are required, only organisations based in certain countries etc.)
- The deadline for proposal submission (expressed in Brussels time)
- The address for paper submission and (if different from Brussels time) the local time at which proposals should be delivered.
- The time expected to perform the integration process from each SME

All proposers must receive fair and equal treatment. Information or facilities which you supply to any proposer must be equally available to all.

All proposers must submit proposals in English only.

3. Publication of the call

The Regional Catalysts will publish the full Call text as follows:

- With equal prominence in at least three national newspapers each located in different Member or Associated States (Finland, United Kingdom, Spain)
- In at least one international journal relevant to the objective(s) covered by the project.
- At local level, through local journal

These are the minimum requirements. The call should of course be published as widely as possible.

The Regional Catalysts will inform the PMEB before publication about which publications the competitive call will be announced in, and on what dates.

4. Proposal reception

4.1 Call deadline

The competitive call must remain open for the submission of proposals for a period of at least **five weeks** from the date of the last of the publications above. We would recommend that you close the call on a Wednesday, so that there are two working days after the call to deal with any unresolved problems. Close the call at 17h00 *Brussels time*.

4.2 Proposals on paper

Regional Catalysts will be responsible for handling the paper submission to the same standards which the Commission applies in its own calls.

In your Call text you supply an address for delivery of proposals on paper. It is your responsibility to certify the time of arrival of every proposal submitted to this address, and to return an Acknowledgment of receipt to the proposer. (see **Annex 5**).

No proposal may be opened before the close of call.

An "Acknowledgement of receipt" form is attached to this document. Using the name and address information in the proposal you should complete a form for each received proposal and send it by post to the proposer. Retain a copy for your records. PMEB may subsequently ask to see evidence that the successful proposal did indeed arrive in time.

Develop your own numbering system to uniquely identify each received proposal, since all will use the acronym and title of DBE.

After the close of call, no additions or changes to proposals may be taken into account.

Any proposals which arrive late must also be recorded, though they are not evaluated, because you will be subsequently informing such proposers that their proposal was a late-arrival.

Note: Proposers who deliver by hand or courier services may demand an AoR at the moment they hand over the proposal, which should of course be before the close of call and therefore before the point at which you may open the proposal to check their address and prepare the official AoR. For these cases you must be prepared to hand over a brief acknowledgement of delivery form.

5. Proposal evaluation and selection

5.1 Evaluation criteria

The consortium will evaluate proposals received in the light of the criteria that governed the Commission's original evaluation and selection of the project, using

the attached forms (see Annex 6 & 7) and with the assistance of at least three experts. The experts will be individuals from the fields of science, industry and/or with experience in the field of innovation and also with the highest level of knowledge, and who are internationally recognised authorities in the relevant specialist area.

The names and brief CVs of the selected experts should be communicated to your PMEB in advance for his approval.

5.2 Evaluation procedure

The evaluation should take place at a maximum of two weeks from the close of the call.

Each independent expert will record his/her individual opinion of each proposal on the attached “individual” evaluation forms (see **Annex 6**). They will then meet or communicate together to prepare a “consensus” form for each proposal, representing opinions and scores on which they agree and which they will sign. (see **Annex 7**).

5.3 Proposal selection

Using the scores given on the consensus form, the consortium will normally select the highest scoring proposals for the call (or for the different part of the call if more than one).

However, the consortium is not obliged to select the highest scoring proposal where it has objective grounds for objecting to the participant, for example commercial competition. In this case the choice may pass to the next-ranked proposal.

Also the consortium may conclude that even the highest scoring proposal is of inadequate quality, in which case it will make no selection. This conclusion is obligatory if all the proposals fall below the threshold scores given on the attached evaluation form.

In the event of no selection being made, the consortium may re-open the call at a later date.

6. Reporting and approval of results

6.1 Reporting

In a written report submitted within two weeks of the conclusion of the evaluation, the Regional Catalysts will supply the PMEB with a brief report on the evaluation and selection process, comprising as a minimum

- A report of the call and its evaluation (including e.g. dates of call, publications used, dates of evaluation etc.), and the outcome indicating

- the selected proposer(s);
- A listing of proposals received, identifying the proposing organisations involved (name and address)
- The names and affiliations and a brief CV of the experts involved in the evaluation, with contact details (telephone number, email address);
- A copy of the signed individual and consensus forms used in the evaluation;
- If the proposer selected was not the highest scoring one, the report must give the objective reasons why the highest scoring one was passed over.

A copy of each of the received proposals should be appended to the report. The PMEB must verify that the proposers selected meets the eligibility criteria defined for participants to DBE Framework programme. In case the selected proposer does not meet these eligibility criteria, the PMEB may propose the choice pass to the next-ranked proposer.

If significant ethical issues were involved in the original project proposal, it was subject to an ethical review before the issue of the contract. If the part of the work to be carried out by the new partner is directly in the area which gave rise to the ethical concerns, the PMEB will arrange a further ethical review of the successful proposal before consenting to the addition of the new partner. His consent is conditional on any recommendations from this new review being taken into account by the project.

6.2 Communications with proposers

When the PMEB declares that it is satisfied with the eligibility of the proposer and the evaluation and selection process the Regional Catalysts will get into contact with the successful proposers to prepare the Membership Agreement which is annexed to the contract and its attachments.

The Regional Catalysts will communicate to the other proposers whose proposals were evaluated the information that their proposal was not successful in the call