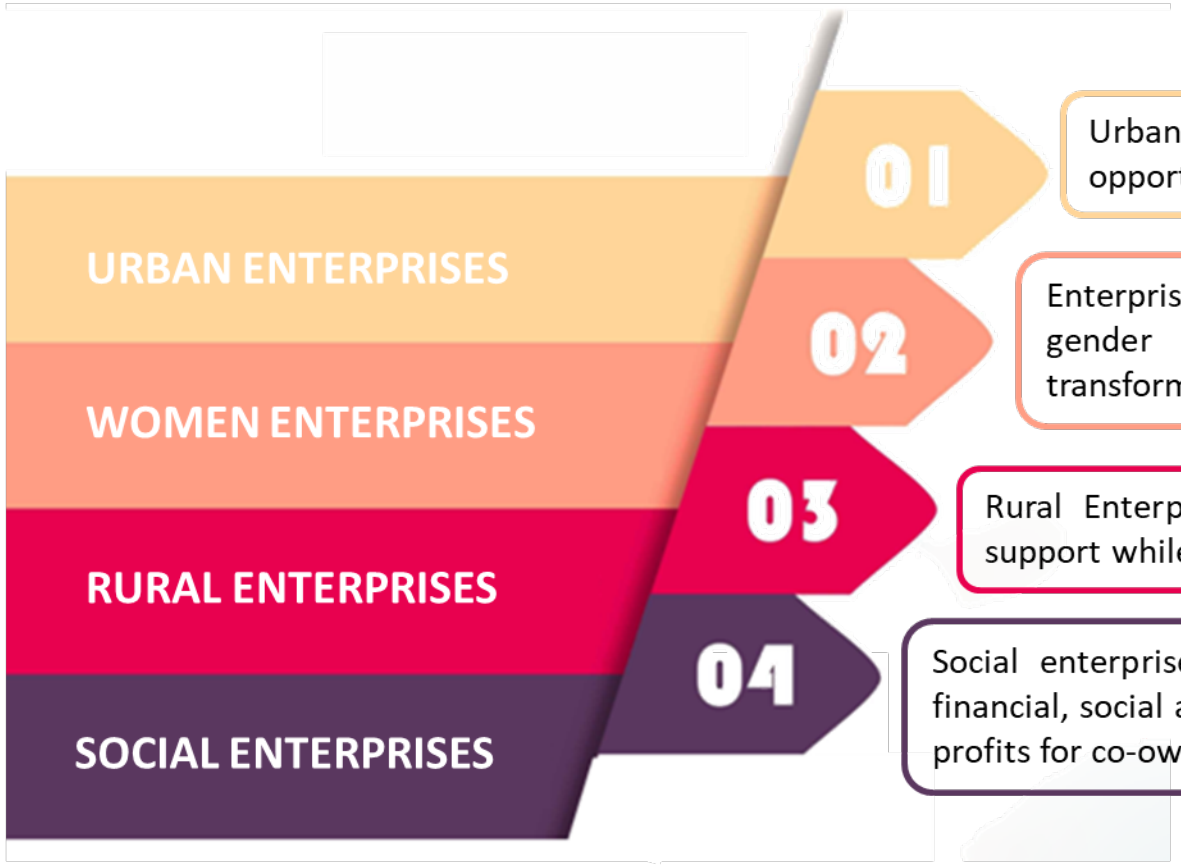
DIGITALIZATION OF MSMEs

Vinod Kumar

Micro & Small Enterprises



Urban Small & Medium Enterprises create most of the employment opportunities in Urban Areas

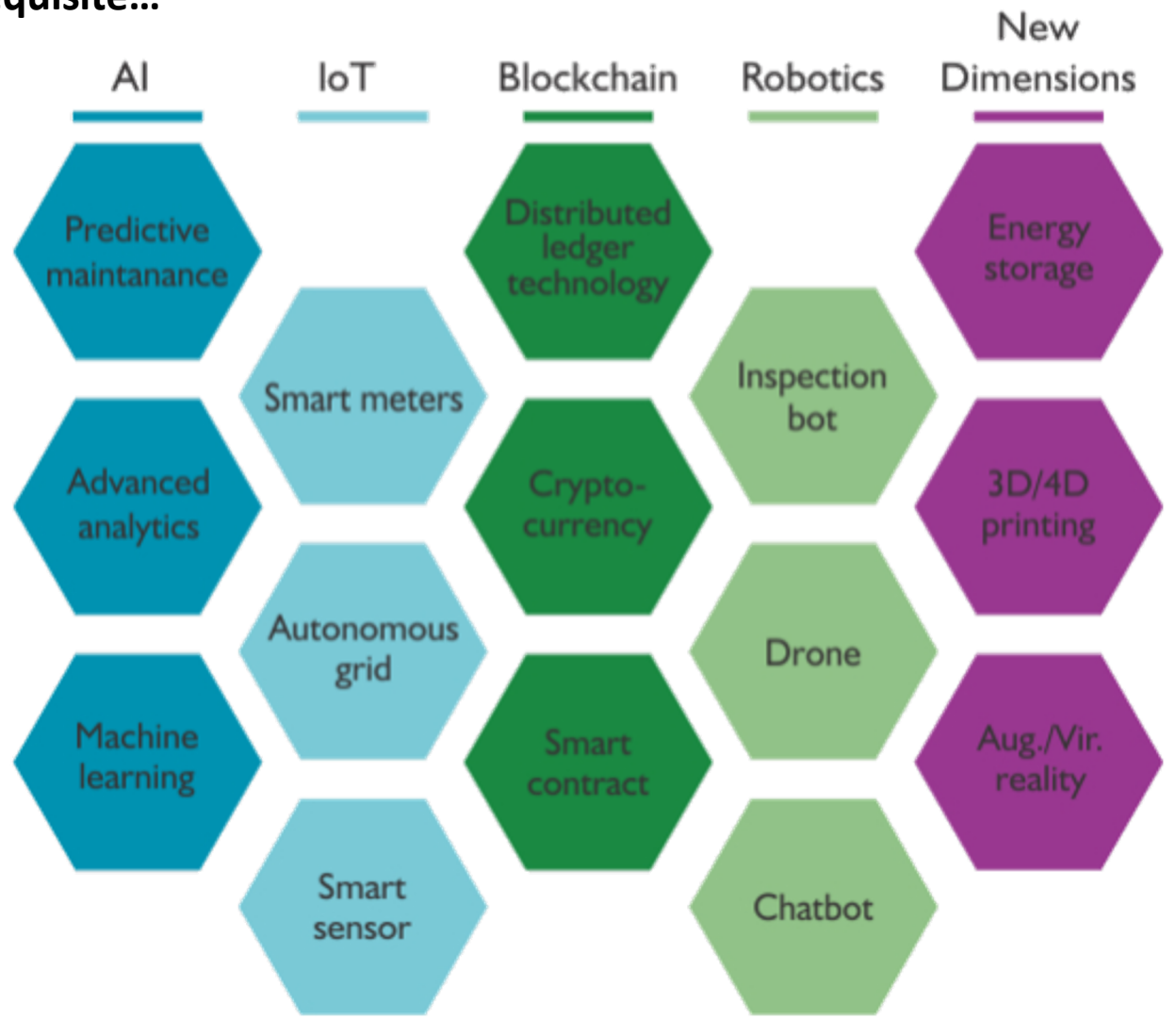
Enterprises owned & managed by women entrepreneurs are a priority for gender parity, offering equal opportunities and generational transformation for job creators

Rural Enterprises help stem migration and offer much needed livelihood support while enabling rural communities

Social enterprises apply commercial strategies to maximize improvements in financial, social and environmental well-being, maximizing social impact alongside profits for co-owners.

Understanding emerging technologies is a prerequisite…

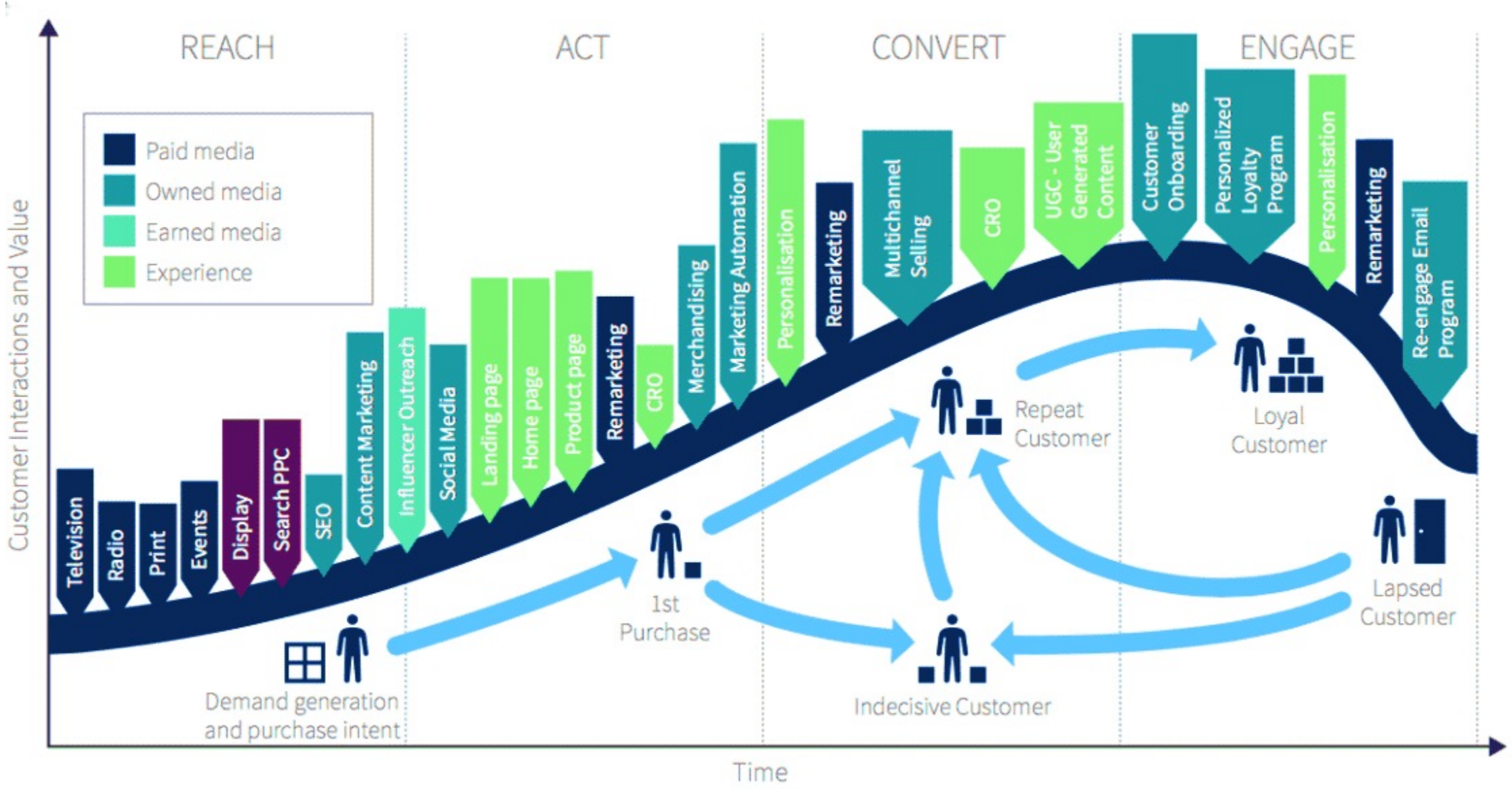
Technologies are evolving as fast as we can map them – a 5-year digital strategy cannot credibly map the technologies across its entire lifespan, but it must understand the trends if it is to be effective.



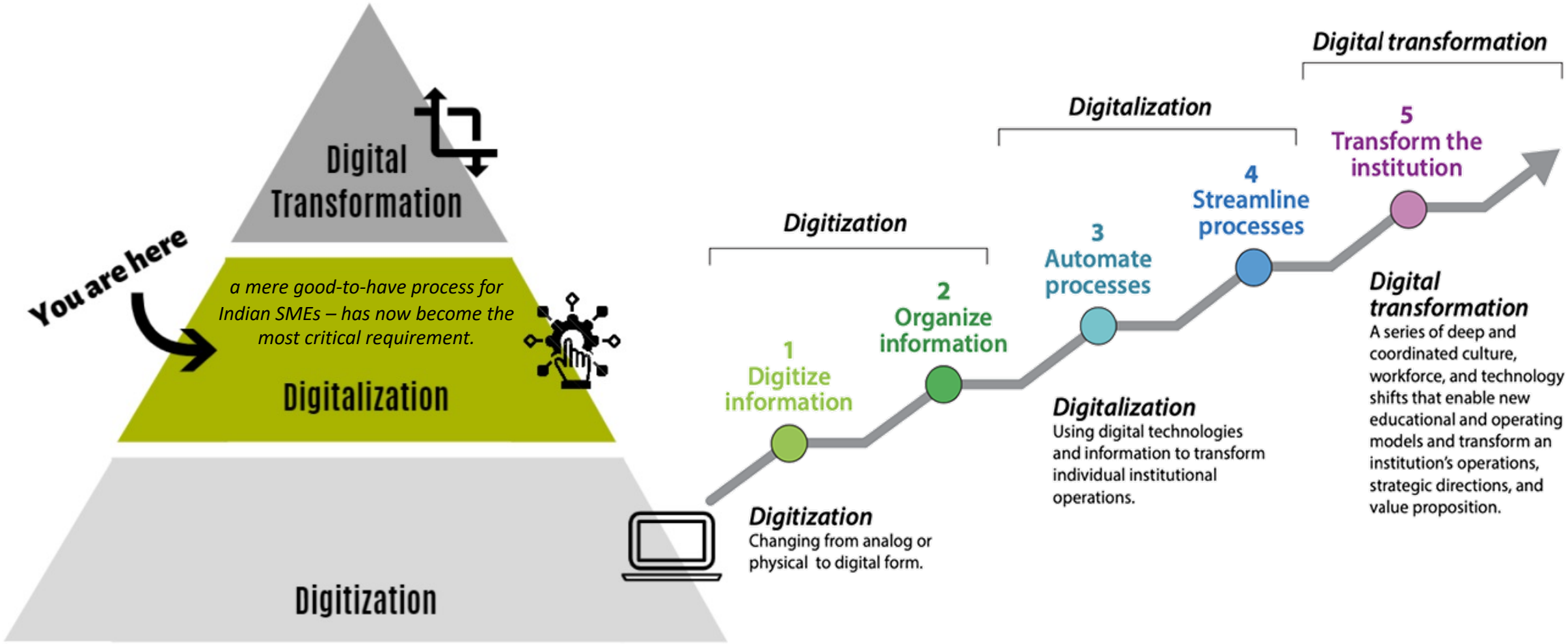
THE ENTRY POINT FOR SMALL FIRMS IS IN DIGITALISING MARKETING AND ADMINISTRATIVE FUNCTIONS

The entry point for the digital transition for most SMEs is in general administration or marketing functions, where the digital gaps between SMEs and larger firms in online interactions with the government, electronic invoicing, use of social media, and e-commerce, are smaller.

Digitalization in Customer Relationship Management in SMEs



Digitalization – the most critical requirement for MSMEs



Challenges to Digital Transformation in SMEs

Digitalization efforts are coming up short on intended ROI, in part because digitalization is as much a leadership issue as it is a strategy, technology, culture & talent issue.

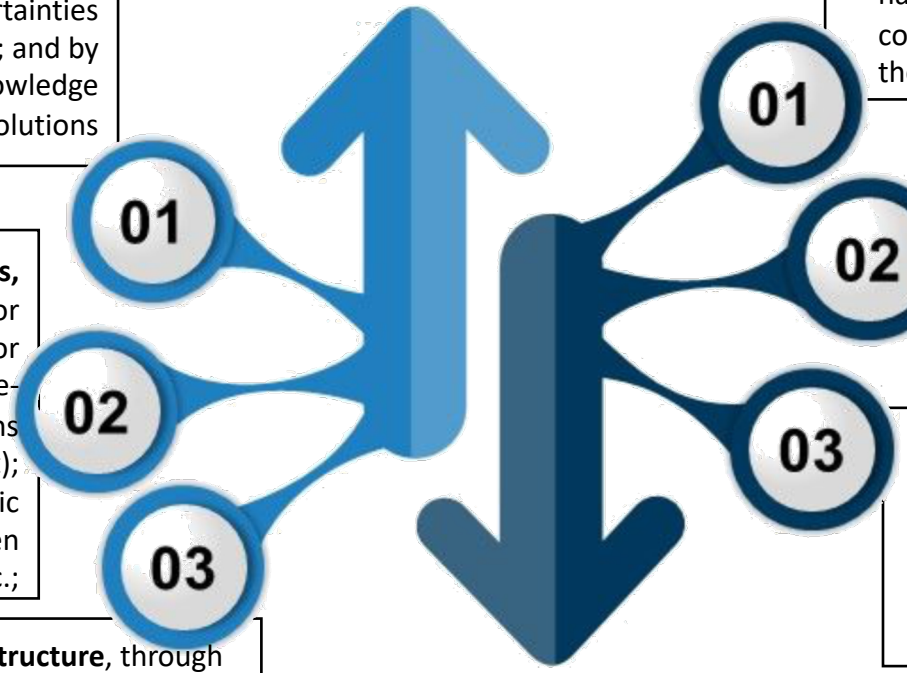
- Complex legacy IT systems
- Inadequate Data architecture
- Difficulty to move from the pilot stage & scale up
- Organisational resistance to change & key talent gap
- Lack of clear vision from the leadership and lack of ownership
- Uncertainty towards the overwhelming number of technologies
- Low value generated by the business cases
- Difficult Front to back & back to front integration
- Difficult coordination among business units
- Difficulty to integrate partners & accelerators

INDIA SME FORUM

Setting a supportive regulatory framework, by: reinforcing efforts to harmonise legislations on trade secrecy and intellectual property rights protection across jurisdictions; enforcing data protection regulations; developing digital security legislations and setting standards for the industry; addressing regulatory uncertainties around distributed ledger technologies; and by ensuring the well-functioning of knowledge markets where SMEs can access digital solutions

Creating The Right Business Environment For SME Transformation

Developing long-term strategic frameworks, by setting high-level objectives and principles, designing national strategies and action plans, and coordinating investments and action across the board;



Creating governance arrangements in emerging policy areas, such AI or blockchain (e.g. coordination bodies and structures);

Promoting e-government and e-services for SMEs, through one-stop shops and digital portals (e.g. for information provision, or assistance, certification or simulation online, the "only once principle"); e-invoicing, e-signature and electronic submissions (e.g. tax administration and compliance by default); adoption of new digital technologies in public services (e.g. blockchain, AI); and through open government data etc.;

Setting consultative instances and advisory groups at national and subnational levels, involving experts, entrepreneurs, industry and academia, and local governments in order to promote ethical and more responsible digitalisation policies.

Deploying high-quality digital infrastructure, through infrastructural development plans and roadmaps (e.g. high-speed broadband and connectivity in remote areas), or other platforms (e.g. computer emergency responses teams) or public-sector-backed blockchain service infrastructure with interoperability with private sector platforms.

Promoting A Whole-of-government Approach

Scaling Up SME Internal Capacity

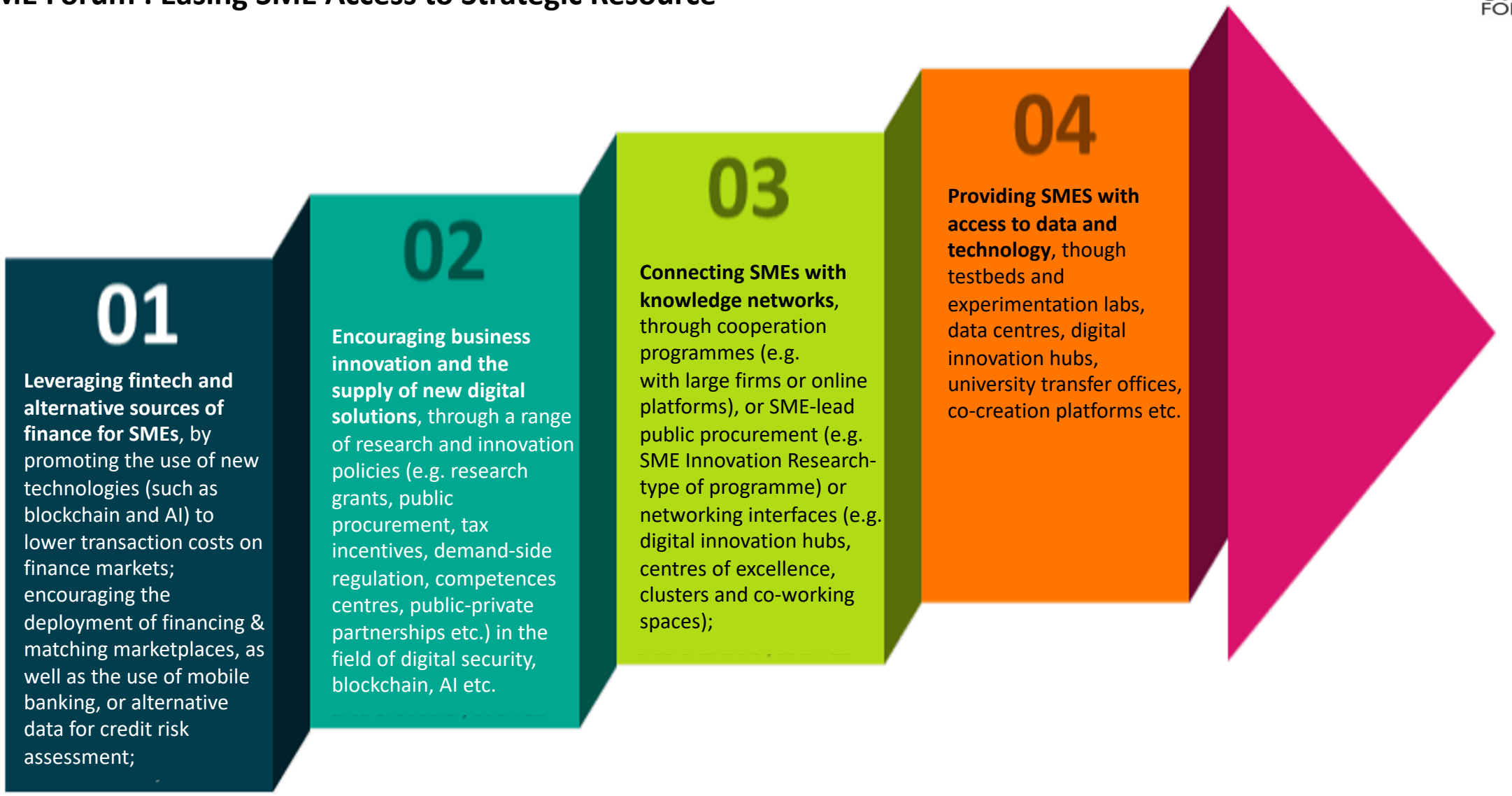
Providing SMEs with technology support and assistance, through targeted financial support (consultancy vouchers, grants), technology extension programmes (diagnosis, self-assessment tools, e-business solutions, guidance and package of learning material) or a mix of both

Encouraging SME training and upskilling, by reducing training costs (e.g. tax incentives, subsidies) and promoting workplace training (e.g. via employers networks and associations, or intermediary "brokers", apprenticeships programmes) or by pooling training investments, and **strengthening management skills in SMEs** (e.g. through training, workshops, coaching programmes and by raising demand for these programmes)

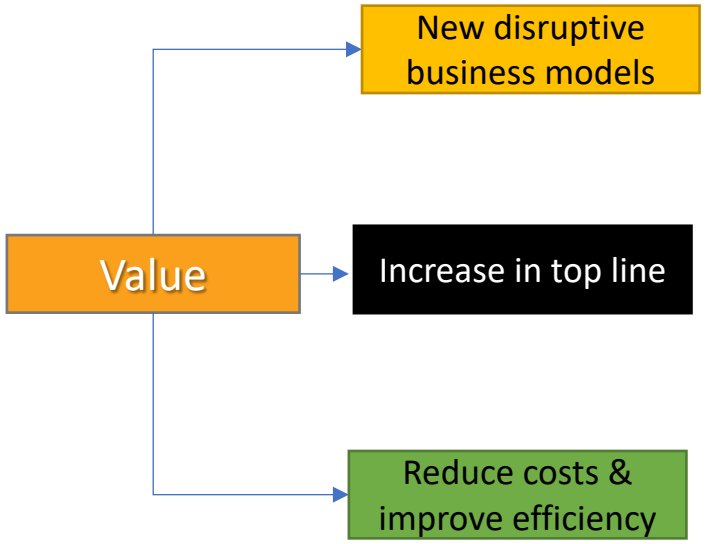
Building a data culture in SMEs, by increasing awareness and capacity to manage and protect their data (e.g. though information dissemination, financial support or technical assistance)

Raising the digital security profile of SMEs, through awareness campaigns, or providing them with guidance on useful digital security measures, toolkit, auditing, assurance framework, protocols and certification schemes, and training opportunities.

India SME Forum : Easing SME Access to Strategic Resource



Impact of Digitalization on Indian SMEs



Product as a platform	*Enabling third parties to create information services*
NextGen Services	*Disruptive service orientation for better customer experience*
Commercialization of Insights	*Locking customers into the information services across lifecycle*
Subscription business models	*Pay-per-use outcome based business models*
Improved Customer Experience	*Opportunities to improve customer experience with real-time data*
New Gen Products	*Equipment data as a service for improved equipment performance*
Market Reach	*Better connect with market & market reach*
Predictive Maintenance	*Avoiding unnecessary product breakdowns*
Intelligent Operational Processes	*Connected machines for flexible manufacturing*
Cost Optimization	*Reducing costs of manpower, energy, utilities maintenance, repair, etc.*
Enterprise Asset Management	*Improving supply chain & logistics performance*

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94%

of businesses who have **implemented IoT strategies** have seen a **return on investment.**