The Digitalization and Innovation for SMEs and SMPs in Italy

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SMEs and SMPs need modernization and new solutions

Italy has introduced **new measures to support companies** in their digital transformation: on December 29, 2018 the Italian Parliament approved the Budget Law for 2019, Law n. 145 of 2018 (“the Budget Law”), which includes some provisions for digital growth

The main issues concern:

i. the **public fund** to develop blockchain, artificial intelligence (“AI”) and Internet of Things (“IoT”) services;

ii. a **grant** for companies investing in “innovation manager” training and consultancy services;

iii. **tax incentives** for a cloud computing solution
The Italian Budget Law set up a **public fund of 45 million euros** ($51 million) for the period 2019–2021.

Projects potentially covered by the public fund are:

a) **research and innovation projects** to be carried out in Italy by public and private investors, including foreign investors, in the strategic areas of development of AI, blockchain and the IoT, relevant to the country’s competitiveness;

b) **competitive challenges and new opportunities** for the achievement of specific technological objectives and applications;

c) **operational and administrative support** to activities referred to in (a) and (b), especially with regard to SMEs.
The fund will support, also through private voluntary contributions, innovative projects and start-ups on the following topics:

- Blockchain
- Artificial Intelligence
- Internet of Things
The Budget Law (Article 1, paragraph 228) introduces a voucher granted for "Innovation Manager’s advisory services." This is a grant aimed to incentivize companies digitalization. The incentive is mainly reserved to support SMEs for advisory and training services provided by qualified external consultants to develop and implement technological and digital transformation within their internal organization and through key “enabling technologies.”

The benefit consists of a non-repayable grant (voucher) fixed between 30 percent and 50 percent with such expenses paid to a consulting firm or consultants for their advice on digital and technology topics; the annual maximum amount is fixed between 25,000 euros and 80,000 euros depending on the beneficiary business qualification.
The Budget Law, Article 1, paragraph 229, the tax amortization regime provided for the Budget Law for 2017 is applicable on expenses paid in relation to cloud computing royalties/service fees connected to intangible assets (as identified in Annex B of the Budget Law No. 232/2016 for 2017)
The world of accountants is immersed in the **logic of competitiveness and confrontation with new subjects**

Digitalization has **opened the door to new operators**. In addition to professional practices and trade associations, someone starts to wonder even if **outsourcing companies, software houses, the Revenue Agency and banks** should be considered in the dual role as ally and competitor.

The real challenge to build the future of the profession will pass through new organizational models.
The purpose of the following slides is to identify the behavior of the professional practices in Italy through the following issues:

i. investments in current and future technologies;

ii. maturity model which illustrates the path necessary to drive the professional practice from a traditional model to a digital one;

iii. technologies already adopted and of future interest;

iv. national and international startups providing support or services competing with what is offered by the professional firms;

v. opinions of the professionals
The investment of the professional practices in technologies is growing, even if the mix of technologies has not changed, compared to the previous years.

The percentage of practices with positive profits is higher when investments have been made in technologies with a significant level of innovation.
Just over half of the professional practices (55%) is in the left side of the branch, the less developed one. Investments in technologies that support work in mobility and internal collaboration in the practice (for example, the electronic management of documents and the workflows are present with a percentage of 20% and 8% of the practices, respectively). It is the branch, which records the highest percentage of digital practices (6%) and the highest percentage of practices placed on the right side of the branch. It's not accidental, because that's where the attention of the practices is focused, great attention is given to efficiency, both internally and in the relationship with clients.
66% of the practices are in the traditional part of the branch. **Innovation on services is poor.** Only 5% of the practices have included in the services they provide an innovative content for the profession, supported among other things by an advanced technology.
It is the branch with **the highest concentration of practices in the most traditional areas (78%)**. Along with the services provided, client management unveils the weaknesses of this professional system, not yet sufficiently proactive towards the market, and scarcely oriented towards innovation to satisfy new needs.
It is the branch of the 'cultural synthesis' of the practice, which illustrates how innovation is introduced in work processes, in the relationship with clients, in the service portfolio. 77% of the practices is in the traditional part of the branch. Of this percentage, 51% introduces innovation only because required by the law. 2% of the practices are digital. The branch highlights, more than others, the reactive and non-proactive attitude of the practices towards innovation. More than half takes action only in case of legal obligations and not based on the market needs.
❖ SOME FOCUSSES: CLOUD, MOBILITY, ELECTRONIC INVOICING
The use of partial or prevalent in-cloud solutions increases by 28% compared to the previous year, dragging also the further growth of the work in mobility. Electronic invoicing concerns 27% of the practices, in their capacity as supplier to the Public Administration.

❖ START - UPS
Start-ups represent a new source of service innovation. They represent both threats and opportunities for the professional world, since they propose services to support or disintermediate professionals. They are “realities” that should not be underestimated, because they offer streamlined and low-cost operative methods, which can represent, in some cases and for some type of client, an alternative to lower prices for those services with a high degree of standardization.
WHAT PRACTICES THINK

The digitalization of the Public Administration is perceived in a very distributed way by the professional firms, proving that a **model has not been developed yet**, with the related impacts on the professions both by institutional bodies and professionals.

The **disintermediation** of the Professionals, through some solutions that are entering the market, **is a further element of anxiety for the professions**, obviously differently evaluated by the single firms.
Final Summary

- The digitization of the Public Administration is not clearly perceived yet.
- The complexity in competition has increased in the professional environment.
- The cloud increases its presence in the firms.
- Start-ups are proposing solutions that support professionals and solutions to replace them.
- The willingness to invest in technology is growing.
- The maturity model of the professional practices shows an average positioning to traditional standards both at organizational and at business level.
- Virtuous firms, positioned in the most advanced part of the maturity model, are worth 8% of the total.
- The more innovative is the technology, the higher is the percentage of practices with positive profits.

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Learn to look to the future with determination and optimism

THANK YOU!