

Date: 22 June 2000

Venue: National Assembly for Wales, Committee Room 1

Title: Pathway to Prosperity Fund - Tranche 2

Purpose

1 This paper sets out proposals for a second tranche of programmes to be funded out of the Pathway to Prosperity Fund. Committee Members are invited to comment by 29 June.

Summary

2 The paper sets out descriptions of a number of programmes, along with their potential costs. It also notes that a further tranche of programmes, to assist the automobile components industry will be put forward in due course.

Background

3 The Committee considered an initial tranche of programmes on 15 March and the programmes agreed by the Committee are now being put into operation. As a result of these allocations, the Fund now contains:

£'000

2000-01 2001-02 2002-03

Pathway to Prosperity Fund 2,807 4,368 3,218

Recommendations

4 Annex A lists the programmes now being recommended, including compliance details, and sets out their expected cost. The programmes are more briefly described in Annexes B-F. The estimated costs of these programmes to be financed from the Pathway to Prosperity Fund comes to £1.39 million in 2000-01. In addition, all programmes will be eligible to be co-financed by the European Structural Funds.

5 Some of these programmes formed part of the paper proposing new State Aids which the Committee considered on 12 April.

6 It is envisaged that proposals for the automotive components industry which members of the Welsh Automotive Forum are working up will also be supported by the Pathway to Prosperity Fund. The present working assumption for this programme is that it may amount to £1million in 2000-01.

Conclusion

7 The Committee is invited to note these proposals.

ANNEX A

PATHWAY TO PROSPERITY – TRANCHE 2

Project	Annex	2000–2001	Authority	BetterWales.com
		Bids		
		(000)s		
1. Business start ups for lone parents	Annex B	132.275	S.2 Employment and Training Act 1973	Tackling Social Disadvantage and the Promotion of Equal Opportunities
2. Business start ups for disabled persons	Annex C	103.125	S.2 Employment and Training Act 1973	Tackling Social Disadvantage and the promotion of Equal Opportunities
3. Credit Unions	Annex D	455	S. 8 Industrial Development Act	Employment opportunities in the not-for-profit and mutual organisations to be expanded,
4. Business Tourism Initiative	Annex E	500	S.4 Development of Tourism Act 1969	Raising the international profile and influence of Wales and making it a first class place to live study visit and do business
5. BetterBusinessWales.com	Annex F	200	S.126 of the Housing Grants, Construction and Regeneration Act 1996	
	TOTAL	1390.4		

ANNEX B

1. Business start up for lone parents

This proposal is to provide additional help to people gaining assistance to start businesses under the Business Start-up Scheme. Whilst financial assistance with childcare costs is already provided it has been recognised that lone parents starting up new businesses face additional expenses and risks The additional help would be equivalent to a tax concession to fund 25% of average weekly childcare costs for six months.

There are an estimated 118,000 lone parents families in Wales (as at Autumn 1999). Of these an estimated 67,000 were either inactive or ILO unemployed and approximately 34,000 of these have children (one or more) under 5. If it is assumed that half these families are in West Wales and the Valleys (17,000) then by targeting 13 per cent it is estimated that the scheme would help 2,210 lone parent families (or 370 per year). The direct cost of the scheme would be in the region of £240,500 - of which 45% (£108,225) would be attributable to European funding.

However, each person taking up this form of assistance would only qualify if they were also qualifying for the discretionary assistance of £1,000. Since the purpose of the scheme would be to generate new businesses, this indirect cost would be £370,000; £610,500 in total.

The failure rate could be fairly high although the deadweight of such a scheme is likely to be very small. Success in business requires more dedication than success in employment and the personal circumstances under which lone parents operate mitigate against such dedication. Approximately 15 per cent of new businesses supported by the Business Start-up scheme close in the first year. For this particular group, it seems reasonable to expect a failure rate of double the norm. This would imply a job creation rate of about 259 per year, at a cost per job of about £2,357. S.2 of the Employment and Training Act 1973 provides powers to make grants under this scheme.

ANNEX C

2. Business start ups for disabled people

The proposal is to provide additional assistance in the form of £75 per week for 50 weeks to a disabled person starting up a business with support from the Business Start-up scheme. This amount has been based on information on average rates of benefits and averages of current employment subsidies. The scheme would only operate in West Wales and the Valleys.

The scheme has been designed to assist the disabled back into the workplace, and in doing so reduce the number inactive. It is unlikely that disabled self-employed start ups would be of an entrepreneurial nature, but more likely lifestyle businesses. Employment Services' experience of business start ups by disabled people is that their disabilities are very importance in determining the nature of the businesses they start. Many are in niche markets which are overlooked by mainstream businesses. Displacements should not therefore be an issue given the specialised nature of the start ups the scheme would support.

Employment Services estimate the possible take up for the scheme might be 50 per year. The direct cost of the scheme would be £187,500 per year of which 45% (£84,375) would be attributable to European funding. The deadweight would be very small but the failure rate could be high; not all of those assisted would remain in business. Success in business requires more dedication for disabled people. S.2 of the Employment and Training Act 1973 provides powers to make grants under this scheme.

ANNEX D

3. Credit Unions

This project has been developed to assist the Credit Union movement in Wales in becoming a major contributor to economic growth and tackler of disadvantage as part of the Objective 1 programme. The project has arisen from a study " "Development Through Partnership" - A strategy for Credit Unions in Wales 1999-2004" which has been produced as a result of a two year consultation with existing credit unions and credit union development officers. It will be delivered through a partnership between the Wales Co-operative Centre (WCC) and the Association of British Credit Unions Ltd (ABCUL) The aim of the project is to enable credit unions to provide financial services to communities and individuals who are excluded from mainstream financial services. An all Wales strategic approach is offered where a national programme of services will be implemented but supporting local development plans for credit unions and working with local credit union volunteers.

There are two elements; the first comprises a feasibility study (£15,000) on how best to use a grant for improved information technology communications within the movement (funding of £40,000 has been ear-marked for year one, with £50,000 proposed for each of the next two years).

The second element is for a much larger project, which will enable credit unions to provide services to whole communities through the provision of an integrated strategy. A grant of £400,000 for the financial year 2000/01, £400,000 for 2001/2002 and £430,000 for 2002/2003 is proposed.

Powers are contained in s.8 of the Industrial Development Act 1982

ANNEX E

4. Business Tourism Initiative

This proposal which is recommended by the Wales Tourist Board is to upgrade hotel accommodation so that it meets the needs of the business traveller and the business meeting market. Research suggests that business tourism makes a major contribution to the Welsh economy and to many hotels business travel is a vital part of annual turnover.

Under the proposal financial assistance of up to 35% of eligible capital expenditure would be made available to upgrade specified hotel facilities such as the provision of IT access in West Wales and the Valleys. Eligible capital expenditure would include;

- upgrading of bedroom accommodation to a "business class" standard to include IT access points, good quality furniture, fixtures and fittings (FASTTEXT television, fax machines, computer modems, voice mail) and en-suite facilities,
- upgrading or provision of quality seminar/meeting rooms including the provision of quality presentation equipment and aids,
- upgrading reception area with particular attention to IT telephone switchboards, etc,
- upgrading and provision of secure car parking and general improvements to external appearance including landscaping.

This would only apply to hotels with a minimum of 10 letting bedrooms. The bid is for £500,000 during the financial year 2000-01 which is likely to be matched funded with Objective 1 funds to provide a £1 million fund. Of this £1 million £750,000 would be targeted at capital works with the remaining £250,000 being used to provide business development advice/training to individual hotels and funding for marketing the initiative to the business community. It is suggested that a maximum of £50,000 grant is awarded per project . Powers are contained in s.4 of the Development of Tourism Act 1969.

ANNEX F

5. BetterBusinessWales.com

A recent DTI report has shown that companies in Wales have been slow to react to the information age. In particular West Wales and the Valleys show significant under achievement in the uptake of e-commerce in the small business sector. This report also demonstrated a correlation between the Gross Domestic Product (GDP) and "Connectivity".

The purpose of this project is to encourage SMEs in West Wales and the Valleys in the uptake and utilisation of e-commerce. The aim is to promote awareness amongst SMEs of the opportunities that adoption of e-commerce will offer and to facilitate their access to expertise, training and on-line information. The project will consist of six core elements; Centre of Excellence, trusted e-commerce business advisers, education, SME business portal, call centre and SME proposition. Details of these elements are set out in Pages 8 to 12 of the Funding Application at Annex F, Flag 1.

The total cost of the scheme is estimated at £3,460,000 and the bid is for a grant of £250,000. Further details of the project are set out in the proposal at Annex F, Flag 1. The Assembly's powers are contained in section 126 of the Housing Grants, Construction and Regeneration Act 1996.

ANNEX F(1)

Pathway to Prosperity (2000/2001) Funding Application for BetterBusinessWales.com

A Partnership Project to grow the Small and Medium Enterprise Sector in the West Wales and Valleys area through the use of e-commerce.

Issue:1

Date:18th May 2000

Contact:Christine Lloyd, Project Manager 029 20724653

BetterBusinessWales.com Pathway to Prosperity Bid

1) Application Details 3

i. General 3

ii. Project Location 3

iii. Project Organisational Structure _ 3

iv. Policy Alignment 4

v. Period of Project 4

2) Financial Bid 4

3) Description of Project 5

i. Introduction 5

ii. Why are we underachieving? 6

iii. The Opportunity for SMEs 7

iv. The Vision 8

v. How the Vision will be achieved 8

vi. Marketing Plan 12

4) Projects contribution to the Economic Development of the Region 13

i. Evidence of Need 13

ii. Sources in the area 13

iii. Support of Local Providers 13

5) Implementation 13

i. Implementation Strategy 14

ii. Phase 1 Major Deliverables 14

iii. Phase 2 Major Deliverables 15

iv. Phase 3 Major Deliverables 15

BetterBusinessWales.com Pathway to Prosperity Bid

Application Details

General

Title of Project: BetterBusinessWales

Funding Bid: £250k

Budget: Pathway to Prosperity

Name of Organisation: BetterBusinessWales

Sector and legal status of Organisation: A not for profit organisation (to be formed).

Lead Body Wales TUC

Project Location

The project will support small and medium sized businesses across the whole of the Objective 1 area in West Wales and the Valleys. The commitment of regional partners will ensure all communities receive the benefits and support for diversity and modernisation of traditional employment in the area.

Project Organisational Structure

KPMG are currently advising on the most appropriate structure for the project, and will support the setup of a not for profit organisation and the formation of a Project Board that will be acceptable to the NAW and European Guidelines. The following shows the proposed membership.

BetterBusinessWales Not for Profit Organisation:

Wales TUC

BT

HSBC

WDA

WLGA

University of Glamorgan

Cardiff University

Prince's Trust

RNID

An Accountable Body will be appointed to ensure an independent audit role is fulfilled. Who carries out this function in the Objective 1 Programme in Wales is still under discussion.

Lower level affiliate implementation members will play a key role in the project and the strategy will be aligned and linked with Local Plans and the WDA Regional Plans and Partnerships.

Policy Alignment

National Assembly Wales (NAW) - BetterWales.com

'Use the partnerships with business, local government and the voluntary sector to get things done, with services being organised on the basis of "who does what best".' (BetterWales.com)

BetterWales.com target:

(10) E-Commerce: % companies with internet access, % of companies in Wales with web sites, % of Welsh Companies with Electronic Data Interchange (EDI) - Increase to at least 50% the percentage of companies engaging in each of these forms of e-commerce.

Period of Project

Work will continue throughout the Objective 1 period, although a phased approach will be adopted with work commencing as soon as the Welsh European Funding Unit approves Phase 1. This bid is for funding to support Phase 1, which will commence as soon as Objective 1 funding is approved (the target being August 2000) and will complete at the end of April 2001. (Note: this end date for the project is dependent on the start date being no later than 3rd September 2000).

Financial Bid

For the overall project the Phase 1 costs can be broken down as follows.

Phase 1 Cost Target Delivery Date

(based on 3/9/2000 start)

Centre of Excellence Build:£550k April 2001

Call Centre Setup: £620k April 2001

SME Business Portal: £680k April 2001

Market Research: £60k April 2000 (Retrospective Spend)

Marketing: £1000k April 2001

Advisor Training: £200k April 2001

Project Management

& Admin £350k Ongoing

Total £3460

Contributions will be split as follows:

Europe (funds to be bid for):

Objective 1 Funding bid £1384k (40%)

Private Sector (funds agreed):

BT £642k

HSBC £50k

Total £692k (20%)

Public Sector (funds under current negotiation):

Each Obj 1 Local Authority (£25k) £375k (match funding in kind – effort to implement locally)

University of Glamorgan & £225k (match funding for CoE and Education work packages)

University of Wales, Cardiff

WDA £500k

Pathway to Prosperity £250k

TECs £34k

Meetings have taken place with key WDA personnel and agreement has been reached that this project will integrate with and complement the Sme-Business project soon to be implemented.

Description of Project

Introduction

The Internet is creating fundamental changes in businesses and society and the survival of many of today's companies may well depend on how they adapt to the New World. Companies in Wales have been slow to react to the information age as has been demonstrated by a recent DTI Spectrum report (1999), which placed Wales one from last of UK regions and countries according to their use of the internet for communication and trading.

The DTI report also demonstrated a clear correlation between Gross Domestic Product (GDP) and 'Connectivity' and the Welsh Assembly are well aware of the need to target connectivity to ensure the SMEs prosper and contribute to a thriving Welsh economy. The market is now global and as quoted by many experts businesses must respond to survive, but the key success factor is that they do so using a qualitative approach to ensure they not only become accessible, but also responsive and efficient.

Later research completed by NOP in April 2000 further highlights the critical needs within the Objective 1 area. West Wales and the Valleys show significant under achievement in the uptake and utilisation of e-commerce in the small business sector and "a lack of confidence" is one of the key reasons for not doing so. The following are some early indicators from that research (a full analysis is underway to provide further evidence with all of the data segmented by region, sector and size of business).

When asked if they already or plan to sell over the internet, SMEs in Wales responded as follows:

- SMEs in Wales who already, or plan to sell over the internet ___
- already do so:_.8%__
- Plan to do so in next 6 months_.9%__
- Plan to do so in 6-12 months_.6%__
- Plan to do so in 1-2 years_.2%__
- Plan to do so in over 2 years time_.1%__
- No plans to do so_.73%__

A comparison by regions shows that SMEs in the the Valleys, Swansea, Bridgend and Neath & Port Talbot have been slower than other regions to sell, or to consider selling over the internet (Non Objective 1 regions are shown in bold type):

- Area__
- SMEs who already sell over the internet__
- SMEs who have no plans to do so__Anglesey, Gwynedd, Conwy, Denbighshire_.9%_.70%__Pembrokeshire, Carmarthenshire, Ceredigion_.11%_.71%__Rhondda Cynon Taff, Methyr Tydfil, Caerphilly, Blaenau Gwent, Torfaen_.5%_.79%__Swansea, Bridgend, Neath & Port Talbot_.6%_.73%__Cardiff, Vale of Glamorgan_.8%_.70%__Monmouthshire, Newport_.10%_.68%__Flintshire, Wrexham, Powys_.8%_.73%__

Why are we underachieving?

There are a number of smaller projects already underway in Wales to increase the use of e-Commerce amongst SMEs, and excellent results are being achieved (e.g. Cardiff University's Electronic Commerce Innovation Centre, ISI Centres, Technology Means Business). These successes however, cover only a limited number of businesses in Wales and in few localities – primarily the non-Objective 1 areas. Urgent action is necessary to ensure investment is made in West Wales and the Valleys, as without it companies will not stand still, they will decline as businesses in other areas of Wales, UK and the World steal their customer base. Private Sector investment must also be attracted to provide a value add to the services provided by the Public Sector. This project would not prove commercially viable for the private sector without match funding but without the private sector the project would not deliver the outputs necessary for the companies to thrive.

Many factors could be contributing to our underachievement to date, including:

- many projects but few links between them
- advice not always from a trusted source
- cost viewed as a barrier
- 'technology fear'
- afraid to 'go it alone'
- training & awareness too generic
- best practice not the norm
- fear of change
- few (if any) web communities of business or commerce

All of the above will be addressed to create a trusted and value add support infrastructure, a world class knowledge base, Web Communities to encourage take up and entrepreneurship, all under an agreed and managed strategy for SMEs. The project will focus on the key motivators for use of e-Commerce in SMEs which are increased sales, more efficient business processes, a one stop shop for support and increased profits. All leading organisations recognise that partnerships are key to success and within Wales our goal is to lead the development of a flourishing networked economy in which government, businesses and citizens work together, share information and transact electronically to ensure success.

The Opportunity for SMEs

Companies can maximise their business potential by adopting e-commerce effectively. The Electronic Commerce Innovation Centre (eCIC) in the University of Wales, Cardiff has become one of the leaders worldwide in researching best practise for the introduction of e-commerce into SMEs. Two examples of their Case Studies are included in Annex A for information and highlight the benefits that can be achieved if the correct approach is taken.

The e-commerce world is changing at a rapid rate, the following are opportunities at present for which the technology is proven and available, and companies can exploit now to improve their businesses:

Facility_Benefit___e-mail, Internet Access_To communicate electronically and have unlimited access to information on the World Wide Web ___Web Site_To become visible to the worldwide user/customer base ___Electronic Catalogue_To market products and services to the worldwide user/customer base___Electronic Ordering_To accept orders efficiently and respond to customer demand for on-line trading/shopping___Electronic Trading Communities_Efficient supply chain processes and preferred supplier opportunities___Electronic Payments_Secure, efficient and immediate sale and payment ___Corporate Supply Chains_To become preferred suppliers (electronic supply chain becoming the norm and only way of working for large corporates)___Videoconferencing _Remote access of expertise/face to face dealings ___Facilities Management_Outsource to benefit but concentrate own resource on core business___Internal Business Automation _Efficient business processes and end to end service for customers and suppliers___

The Vision

- To raise GDP and employment levels in the Objective 1 areas of Wales.

And for SMEs:

- To be connected
- To create an export culture and reach ALL potential customers
- To increase sales and profit
- To be the preferred suppliers in Wales
- To have efficient and excellent 'customer experience' business processes
- To have the appropriate e-Commerce tools

- To have market visibility/market research data at their fingertips
- To achieve global competitive advantage
- To be confident and self sufficient in the use of ICT

How the Vision will be achieved

The SMEs across the whole of the Objective 1 area need to be aware of the opportunities and have access to expertise, training and on-line information that will help them adopt e-Commerce. The research shows that at present we are not succeeding in doing this as well as the other regions in the UK, consequently an implementation model shown at Annex B has been devised to ensure that all SMEs are supported to reverse this trend. There are six core elements to the Project:

- Centre of Excellence
- Trusted e-Commerce Business Advisors
- Education
- SME Business Portal
- Call Centre
- SME Proposition

The six core elements will be managed synergistically. The function of each is described below.

Centre of Excellence

The Cardiff University Electronic Commerce Innovation Centre (eCIC) is recognised worldwide as a centre of excellence for introducing e-commerce into SMEs, and has many successful case studies to support this view. Resources in the centre are not sufficient to support all SMEs in Wales but by building an easily accessible knowledge base covering all areas of SME related e-Commerce we can disseminate this expertise and practical experience. Post Phase 1 the proposal is to implement a comprehensive e-Commerce strategy for Wales plus Centres of Excellence in North Wales and West Wales.

The Phase 1 deliveries are broken down as follows:

Work Package 1 – Building the Knowledge Base

Undertake Knowledge base content research in all areas of SME related e-Commerce. This activity will provide the information required to develop the educational/training work packages, content for the Portal and the awareness programmes. Content and international contacts already developed by eCIC will be the basis for this work but the focus will now be to present the information in a format ready for dissemination. The task will be undertaken throughout the project lifecycle as developments in many aspects of e-Commerce e.g. technical, legal, regulatory, commercial, etc are evolving at a rapid pace.

Work Package 2 – Design and content delivery for Portal

Library of e-Commerce Implementers and Products & Services available to SMEs

Development of Frequently Asked Questions (FAQs) on eTrading

Teaching material and updates

Technology updates

Industry and geography related specific updates

Work Package 3 – Advisor/Education/Training Activities & Content

Create e-Commerce Business Advisor 'Profile' to include job description, objectives, approach required to successfully advise SMEs, etc.

Develop e-Commerce Advisor Tools – Advice/tools for visiting SMEs and how to obtain the necessary information e.g. existing business processes, IT capability, trading partner profiles, future business strategy, ambitions, etc.

Implementation Guidelines – advice on undertaking information flows/business process analysis, marketing strategy and trading partner requirements. Identification of suitable technology, and implementation of such technology. Use of technology to ascertain/enhance competitive advantage. Measurement/identification of tangible/intangible benefits.

Development of e-Commerce strategy into 2nd Generation trading.

Develop Advisor Training programme content for inclusion in the @teb programme – a range of teaching modules, both technical and business, with strong practical content based upon existing case studies.

Develop/approve standard SME Training Programme content to ensure e-Commerce Advisors use common knowledge formats. Other Education establishments may provide input to this exercise based on any relevant research carried out by their units.

Develop Training Implementation Guidelines to ensure e-Commerce Advisors deliver in a consistent manner.

As eCIC will be a direct contact for Advisors complementing the activities of @teb, teaching/training of those advisors will be undertaken by eCIC as well as other education establishments.

Work Package 4 – Awareness

Develop Awareness programme material for advisors, local authorities, regional enterprises, etc to use locally.

Awareness Content for the Portal

Work Package 5 – Monitoring & Reporting

Manage an audit/investigation at predetermined times to review the effectiveness of the programme. This will consist of growth measures, sampling feedback from the SME community as well as the advisors and trainers to establish the effectiveness and quality of the advice and the general rollout programme.

Produce annual report 'State of the Nation'. This will appear initially at the end of the 2nd year and annually from then on. It will contain a review of e-Commerce penetration within Wales, a comparison to other countries and a report on the progress of BetterBusinessWales.com.

Trusted e-Commerce Business Advisors

Using a consistent set of training course content resulting from (1.), a number of Advisors will be coached to provide value added e-Commerce business advice. Many partners across Wales have agreed to provide their own people to be trained as e-Commerce Business Advisors to support their sector or region. These include:

Welsh Enterprise Agencies

Local Authorities

Wales Tourist Board

Farmers Union Wales

Automotive Sector

HSBC

BT

Chambers of Commerce

Prince's Trust

Disabled Sector Organisations

This strategy will enable us to overcome the problem with lack of trust being a key barrier to SMEs adopting e-Commerce. Businesses will have the opportunity to receive advice and support from somebody who understands their business and their locality, both of which will influence how the technology should be adopted to move the business forward. The advisors will spend up to 7 days with the company at appropriate times in the year to ensure initial support, follow up and ongoing ad-hoc advice is provided. Additional support will be provided on-line via the Portal and through the Call Centre. If further one to one advice is requested over and above this amount then the SME will be required to fund the full amount.

The DTI's Technology Means Business (TMB) Programme (managed in Wales by @teb) will provide an accreditation procedure for ICT advisers in the year 2000 and beyond. This DTI initiated programme and the advisors being trained in Wales will provide a firm foundation for the BetterBusinessWales project and will be utilised at every opportunity. It is anticipated that an additional e-Commerce training module will be required over and above the current TMB accreditation scope to enable the advisors to offer quality e-Commerce advice to SMEs.

Education

Both the advisors and SMEs will require training. 2 days classroom training will be available for up to one third of the SMEs receiving full advisor support. It is expected that the remaining two thirds will utilise on-line training facilities. The University of Glamorgan will be key in the provision of this training to be delivered via their own college facilities and through their network of colleges across Wales. Local agencies or authorities may also wish to run their own seminars or training activities in their areas and they will have the content available to do so.

SME Business Portal

A web portal for small businesses in Wales will be delivered to enable:

- A single one stop shop and integrated means of access to information and services for the SMEs including information on how to become involved in the programme, the opportunities, available training, next steps, etc.
- Marketing of SMEs in the Objective 1 area to the entire Web customer base.

The Portal will be a gateway for customers/suppliers to buy/sell in Wales and will be designed to have lower level regional, sector and business research portals (e.g. Tourism Portal, Denbighshire Portal, Entrepreneurship Portal). This will ensure that participants are not left to exist in uncoordinated web locations that fail to create synergistic communities of interest.

Information from different sources and sites e.g. Government, News, Marketing, Finance, Education, Training, Products & Services, Jobs, Recruitment, International News, Technology news, Trade Organisations, Markets, Research Data, etc brought together at one point with a standard presentation.

- Personalisation, giving SMEs information that is relevant to their business.
- A trading platform allowing goods to be purchased from and by participants.
- Secure, scalable and resilient services over the internet
- Access from a wider range of locations, including the workplace, home, local centres, etc.

Call Centre

A 10 seater specialist call centre, building up to a 20 seater by Phase 3, will support the full SME base in Wales. Two thirds of these will support the Objective 1 area. The Call Centre will provide an inbound and outbound service contacting SMEs to invite them to join the programme and responding to incoming calls as follow up to Marketing campaigns. If the company is scheduled to receive full advisor support then the call centre will establish details of the business and arrange for an advisor to make contact. If the company is not scheduled to receive full advisor support then advice will be given over the phone and the company will be directed towards the Portal or to another contact for additional information on how to proceed. Consequently those companies not receiving an advisor to their business will still have the opportunity to benefit from experts within the Call Centre. It is anticipated that many more businesses will introduce e-business and e-commerce through their own initiative on the back of the promoted success realised by others. Case studies demonstrating success stories will be available via the web portal to those companies not receiving direct support.

The companies to receive full advisor support in the Objective 1 area is over 27,700 over five years. To achieve this target the five year plan allows for 7 operators in Year 1 of rollout that would provide 1 hour per firm that is involved in the advisor programme and 3 hours advice for those outside the advisor programme. This requires 10,260 man-hours (3,000 firms * 3 + 1,260 hours). The 10,260 equates to 6 staff working 37.5 hour weeks for 46 weeks p.a.

The second year will require 12 operators as the programme expands, and in Year 3 the same number of operatives will see the adviser structure move towards increasing support for the advisor programme as opposed to the call centre assistance only.

Additional resource will provide a managed ordering and information service for products and solutions that the SMEs purchase through the programme and the level of advisor support received. This will feed into the overall monitoring process for the project and allow a full review/audit of uptake and benefits to measure success.

SME Business Proposition

Small businesses in Wales are at different stages of the e-business ladder. Recent NOP research (April 2000) shows that many have not commenced the journey with 33% not having a PC, 43% have no plans to set up a web site, only 46% have access to the internet and 35% use e-mail yet only 8% sell over the internet. This shows that a standard SME Proposition would not be suitable for this project as the range of businesses are at different starting points and the requirements for businesses will also be different. A web site may not be the most appropriate solution for a business yet e-mail and conferencing may transform their business significantly. For this reason the BetterBusinessWales project is proposing the use of a Voucher system to support the delivery of products/services to SMEs.

Following an initial assessment by the advisor an agreement will be sought between the SME and advisor on the most appropriate investment for the company to implement e-Commerce. This may be a PC if they do not have one already, or it may be e-Commerce software products and services. The SME will then match fund the project contribution and place an order via the Call Centre. The SME will have a full range of vendor offerings to select from and will decide with advice on the most appropriate for their business.

The cost to the SMEs of the advice will depend on the outcome of negotiations over Article 5 of the Draft Commission Regulation on the Application of Article 87 and 88 of the EC Treaty to State Aid to SMEs.

Marketing Plan

An integral element of the proposed project is a high-profile PR and Marketing programme targeted at small and medium sized businesses with the aim of:

- Developing a strong brand identity for Better Business Wales.Com
- Creating an awareness and understanding of the benefits of the project to indigenous business and inward investors
- Supporting economic development through activities designed to generate an increased export market; the creation of new jobs; and, ultimately, an improved Gross Domestic Product (GDP) for Wales
- Promoting the significant level of European and Public Sector funding made available to assist businesses in Wales

- Projects contribution to the Economic Development of the Region

Evidence of Need

49% of SMEs in Wales agree that "e-Commerce will have a significant impact on the industry I work in in the next 2 years" however 73% have no plans to sell over the Internet. This approach will not allow their businesses to stand still, they will decline as the customer base is drawn to other suppliers who adopt e-Commerce and reach a wider market. We need to reverse this trend, in particular in the Objective 1 areas of Wales.

Sources in the area

There are no projects in Wales at present that are delivering a Centre of Excellence, Portal, Call Centre or many of the other innovative initiatives detailed in this project. There is resource available in Wales to provide support to SMEs, however they cannot meet the current demand and they are not all benefiting from receiving training from the key experts in Wales. To ensure there is no overlap with planned activities under Objective 1, KPMG have commenced an audit with key organisations and bodies in Wales. When the Objective 1 Regional Action Plans are publicised the Partnership will also ensure the project aligns with the strategies and planned actions within them, although the project has been communicated to the majority of bodies in Wales to date and the response to the planned approach has been excellent.

Support of Local Providers

The Welsh Local Government Association, Regional Enterprise Agencies, the Voluntary Sector, Wales Tourist Board and many other organisations have given their support to be involved in the implementation to support their sectors.

Implementation

The current implementation plan for the overall Objective 1 area is as follows:

- SMEs _
- Active e-Commerce Advisors *_
- Number of companies with Full Advisor Support _
- Number of Companies with Call Centre Only Contact _
- Year 2 (or post Phase 1) _32_1260_3000__
- Year 3_95_3780_3000__
- Year 4_189_7560_3000__
- Year 5_189_7560_3000__
- Year 6_189_7560_3000__
- Total__27720_15000__* Cumulative

Free advice provided by the project will only be available for a set number of days for each company within the year they come into the programme. If they require support beyond this limit then the companies will be expected to cover the whole cost.

Within each local area the current plan is as follows:

- Area _
- No of VAT Registered Businesses (Source DTI)_
- % of Total _
- Businesses to receive full Advisor Support _
- % of Total within the local area _
- Isle of Anglesey_2085_4.6_1269_61__Gwynedd_4450_9.8_2709_61__Conwy_3240_7.1_1973_61__Denbighshire_2870_6.3_1747_61__Ceredigion_3650_8.0_2222_61__Pembrokeshire_4660_10.2_2837_61__Camarthenshire_6590_14.5_4012_61__Swansea_4055_8.9_2469_61__Neath Port Talbot_2190_4.8_1333_61__Bridgend_2240_4.9_1364_61__Rhondda, Cynon, Taff_3690_8.1_2247_61__Methyr Tydfil_790_1.7_481_61__Caerphilly_2620_5.8_1595_61__Blaenau Gwent_915_2.0_557_61__Torfaen_1485_3.3_904_61__
- Total_45530_100_27720_61__

Implementation Strategy

A phased delivery approach will be adopted and this Pathway to Prosperity bid is for funding to support the Phase 1 deliveries. Discussions are underway with the Public and Private sector partners to ensure funding for Phase 2 and beyond is included in future business plans.

Phase 1 Major Deliverables

From Day 1 of Objective 1 funding approval to end of April 2001 (depending on start date).

- Centre of Excellence Creation (all Work Packages)
- Portal Phase 1 build
- Call Centre build, resource and train
- Marketing Strategy & Rollout
- Market Research
- Identification of e-Commerce Business Advisors

Phase 2 Major Deliverables

- Formation and productisation of Training Programme & commence rollout (3 Regions)
- Commence Rollout of Advisor Support (3 regions)
- SME Propositions
- Centre of Excellence expansion to support an e-Commerce Strategy for Wales
- North and West Wales Centre of Excellence proposals
- Centre of Excellence Research, Support & Expansion
- State of the Nation Report
- Portal Enhancement & Support

Phase 3 Major Deliverables

- Full Rollout of Training Programme
- Full Rollout of Advisor Support

- Portal Enhancement & Support
- Centre of Excellence Research, Support & Expansion to North & West Wales
- State of the Nation Report
- BetterBusinessWales.com