

IGF2015 - Workshop Reporting

ITU OPEN FORUM:

FOSTERING SMES IN THE ICT SECTOR - THE NEW GLOBAL ICT ENTREPRENEURSHIP INITIATIVE

10 November 2015 (11h00 to 12h00)

1. Background information

Small and medium enterprises (SMEs) play a key role in both industry disruption and economic growth in developed and developing markets. Whether fresh startups or established micro-businesses already operating at optimal capacity to fill a specific niche, or with a high-growth potential to scale, replicate and move from local to national or international, SMEs are a major economic force – representing the majority of private enterprises and a major source of jobs. The fundamental shift in technologies, user behavior and business models in the ICT sector, in particular the significant growth of mobile, open source culture and the universal platform provided by the Internet, have fed into and enabled the rise of SMEs developing and delivering ICT products and services.

Recognizing the importance of fostering ICT entrepreneurship and local innovation in driving job creation and the digital economy, many national governments have created and facilitated initiatives such as innovation hubs, accelerators, incubators and tech parks. But a huge gap in skills, funding, tools and knowledge remains – a gap between good ideas and willing investors, between local solutions and established players eager to uncover unexplored potential. In many countries these businesses face significant obstacles to access finance, expertise and fulfill their potential to innovate, grow and create jobs.

In this context, ITU and key stakeholders came together in October 2015 to launch the EMERGE Partnership aimed at unlocking the potential of ICT-related innovators, entrepreneurs, startups, SMEs, and technology hubs as drivers of innovative (but practical) solutions for catalyzing progress to achieve the sustainable development goals. This open forum presented the background of the partnership to participants at the IGF, focusing on some of the key questions the partnership seeks to address, in particular, how to empower ICT-related SMEs in emerging economies.

2. Date, time and location of the session

10 November 2015 (11h00 to 12h00). Workshop room 9

3. Estimated number of participants,

The session was attended by a total of 40 participants representing a variety of stakeholders.

4. Full list of speakers

The session was opened by Mr **Malcolm Johnson**, ITU Deputy Secretary-General, who presented the background and motivation for the EMERGE Partnership. The opening presentation was followed by an open Q&A with the audience, moderated Mr **Tomas Lamanuskas**, Head of Corporate Strategy Division at ITU.

5. Content and format of discussions

Objective

The objective of the session was to introduce the EMERGE Initiative (<http://www.EMERGEpartnership.org/>) to the participants at the IGF and receive feedback to better to encourage SMEs and startups to participate in the Initiative and discuss ways that their participation could be facilitated.

About the EMERGE partnership

The EMERGE Partnership is a multi-stakeholder initiative that aims at contributing to the development of rich innovation ecosystems which include small, young, and small firms with high gross potential in the ICT technology and Internet sectors. The initiative, launched in October 2015 in the context of ITU Telecom World 2015 (<http://telecomworld.itu.int/>).

Key areas of focus of EMERGE

The ICT system across the world is vastly changing. It is no longer just about established players or about big companies, but it's about a multitude of players that are innovating across industries and countries. SMEs are key actors, which are creating jobs and developing innovations. A closer look at the sector allows us to see that a lot of various solutions in parts of the world are coming from startups, entrepreneurs, and emerging companies.

Moreover, many countries, including developing countries, do not have many large companies. In most of the cases these are multinationals, with headquarters in a developed country. This places lack of participation developing countries in the development of successful businesses and technological solutions. This is particularly evident in emerging economies, as well as specific regions.

To support SMEs and start-ups, it has been noted that there is a huge gap of what is needed and what can be offered in terms of funding, skills, education, knowledge, and also links and networks. These are the areas in which EMERGE will be focusing.

The Partnership will also work to establish key elements needed for robust ecosystems, and especially empowering SMEs and micro enterprises in these sectors, including firms addressing special areas including connectivity challenges and encouraging deployment of electronic and mobile public services. Helping to find investment and financing for SMEs and start-ups transition into high-growth firms, and also help to build a human capacity in this regard.

This has started by mobilizing a group of key partners who are supporting these entrepreneurial ecosystems from their own organizations, and have dialogue among them and other stakeholders. The active involvement of these organizations will help define how to enable innovation entrepreneurship through public policies, identify what funding and investment models are needed and help with knowledge building. In summary, the Partnership will focus in intelligence gathering, research and analysis in this area, support of existing networks, and raising awareness of importance of innovation entrepreneurship to address challenges for development.

The Partnership so far includes 8 organizations, form organizations supporting accelerators, incubators, private-sector companies, International organizations, regional initiatives and industry alliances around the world. Current support organizations of EMERGE are Emerging Crowd, Intel Corporation, ITU, Seedstars, Silicon Cape Initiative, Startup Europe Projects, UNICEF Innovation and WITSA, although further organizations are considering joining the partnership.

Upcoming initiatives

The first initiatives of the Partnership included and will include:

- An event in October where EMERGE was launched,
- An event in March 2016, together with a summit that encourages and features awards for the entrepreneurs and also helps them develop via sustainable business models,
- The first EMERGE Partnerships publication: Developed with all the partners will draw on grass-roots, local, national, and international perspectives of how we could encourage entrepreneurship and innovation in all the markets, especially emerging markets. Some topics of the publication will be why we need to support SMEs, what the role of ICTs in that ecosystem is, how SMEs could help innovate for achieving global good and achieving development goals and what the role of social entrepreneurship is.

The Initiative received a very good response from the audience, with many organizations interested in learning more about how they can help and join.

ITU's plans to increase participation of SMEs in technological development

Besides the EMERGE initiative, ITU is also looking to increase the level of participation of SMEs and start-ups in the work of ITU. This will be done through the introduction of a new small membership fee, similar to the current fees charged universities to participate in ITU.

In exchange these companies will benefit from the large membership including 193 governments and around 700 private-sector entities. SMEs and start-ups will have the opportunity to link with some of the larger ICT companies, which are ITU members, but also with Academia and state members, and have a platform to get their products recognized in what could become the basis for an ITU standard.

Other measures being undertaken include promoting remote participation in meetings, to reduce the cost of engaging with ITU. Remote participation has proved to provide very good results to increase geographic diversity in meetings, and ITU hopes that next group to benefit will be SMEs and startups.

Issues raised at the Q&A session

- **Internet Association of Argentina**, covers all the new SMEs and startups and entrepreneurs that develop applications in Argentina and also run the IX piece in all country. They recognized the challenges that small companies face and the highlighted the importance of the smaller fee. This was presented as a good way to start the relationship with ITU.
- **United Kingdom Government**, This is a very valuable step for ITU to take within the context of advancing the contribution of ICTs to sustainable development and enlisting capacity-building support for new entrepreneurs, and emerging companies in a very dynamic sector worldwide, which is going to have an important role for many developing countries and small island developing states in the future as their economies develop and their digital strategies start to crystallize with the support of governments and sector meetings of the ITU.
- **International telecommunications Bureau**, very strong focus on inclusiveness, and finding ways to include persons with disabilities, especially students, because most people do not really think about the fact that probably one of the most untapped resources are students who have disabilities who can listen remotely, who can actually come and be accommodated by our organization. This initiative is useful because it involves young people and will support them. It is important for young people to be a part of international standards.
- **University of Oxford**, their interest is cyber-security capacity-building, so any initiative that is going to support the development of SMEs is a very positive initiative because these work very closely with governments and drive the actual capacity-building activity. An important part of the capacity-building reviews that they have conducted, let them see that there is a skills development of those that come out of university that does not necessarily reflect the industrial environment in which they operate. They are not enabled to be able to use the skills that they have founded in university and apply them in a very productive way. Therefore this sort of initiative would provide that springboard to be able to really become a positive contributing member of the industrial base.
- **Open Group Trusted Technology Forum**, it is really important to consider partnerships, especially with standards. They have just created the Open Group Trusted Technology Provider standard and put it through ISO as 20243, that is all about supply chain security, best practices for ICT providers. Looking at the SMEs that are providing the ICT there is a real need to bring them up to speed with what the big companies are doing. Normal standards organizations are the big vendors, and so to get them up to speed, adopting what they have created as a standard and as best practice is really very important.

There was a mention of the needs of helping identify appropriate mentors, both national and internationally, and also bring other stakeholders to the table. The Partnership should encourage

support for young people, especially by promoting a culture of sharing experiences with the new generation.

A concern was raised that many universities are currently disconnected with the industry, and the curricula is outdated in terms of what is needed in the industry. This explains in many ways why when young people graduate, they don't find a job in the market.

Another issue raised was that there are no mechanisms available for SMEs and start-ups to access some seed funding for which they can start. In some countries there are no venture capitalists and no investors. Instead there are banks, which have very complicated mechanism of providing loans.

With these comments the session was brought to an end.

6. Useful links

- ITU: www.itu.int
- EMERGE initiative: www.EMERGEpartnership.org
- Video recording of the session: <https://www.youtube.com/watch?v=3c-uWkAWxv4>