Press Release

What is Preventing V4 to Become European Leaders in Smart Technology?

The most innovative countries in the world are led by Switzerland, Sweden and the Netherlands. V4 countries are not among the leaders yet.

- **Trust of citizens towards smart solutions can significantly increase when they participate in the design**
- **SMEs are not participating in tenders outside of their countries; language barrier, time and access to information including backstage information are the biggest obstacles**

Bratislava, November 21, 2017 – The most innovative countries in the world are led by Switzerland, Sweden and the Netherlands – all of them are EU countries. V4 countries are not among the leaders, they are around place 30 with exception of Czech Republic at No. 24. Cities don't fare better either. According to European Innovation Scoreboard Prague and Bratislava are more successful but the rest of V4 lags behind the Western Europe. Does the V4 still have a chance to become innovative smart region? V4 region experts were looking for the answer at ITAPA International Congress.

Juraj Bárdy, Alistiq thinks that specialization and collaboration are the elements of success; clear vision is a considerable factor. „*Even in V4 countries there are happening major structural changes of job market and due to automation, many careers will be replaced by robots. On the other hand there is a strong push for human capital creating demand for people who can work with these technologies.*" In his words, if we want to be successful, we need to choose what we focus at and collaborate. „*Today, innovations are no longer done in the hall of one company, various subjects from private and public sector are connecting.*"

Clear vision must be backed up by active support of state and public administration. **Boris Czerniejewski,** Vice President of IMP Ltd is clear on this: „*Our governments should not be the impediments of business development. Our human capital is comparable with other countries. Our people are as skilled as anywhere in the world. What hinders us is the*

infrastructure, legislation, and regulations." One of the proofs is that while in the most developed countries the work productivity increases, it stagnates in V4 countries. **Csaba Madarász** from Hungarian company eDemokrácia Műhely agrees: *„If we talk about smart cities, it is not just smart technologies but we need to think about „smart governance" as well. As technology users, we have certain expectations from the communication and from the services. When we use the phone, we expect somebody on the other side to pick up the phone. When we use the social networks, we also expect the interaction at the other side. This is the change in behavior we undergone and we know it is working. But when we look at public institutions, we see that this change hasn't happened there."* **Involvement of citizens into development of smart services and solutions could be a significant benefit,** whether we are talking about design or testing. **Citizen involvement would significantly increase**. *„Users today are technologically proficient and commercial companies are successfully dragging them into design and testing of their services."* Co-design and co-production are common things in EU Western countries, V4 countries have not used these concepts so far.

V4 countries can help each other with experience exchange. Czech Republic has drafted so-called **Ten Commandments of Good Practice** based on previous program period where many ICT projects were implemented. **Aleš Pekárek** of Czech Ministry of Local Development introduced some innovative eGovernment projects that are successful in Euro Fund funding because they oblige to these ten commandments. *„It includes recommendations how to avoid the most common critical issues and weak points."* For example, it recommends to strongly adhere to project management methodology, evaluate alternative solutions, define the conditions of Copyright Act, prevent changes of leader roles and implementation teams and develop rules for testing and IS data evaluation.

Creation of the commandment helped to increase quality and purposefulness of projects. *"Oftentimes applicants omitted important information and their inexperience led to low rating and underestimation of projects that could in fact have a meaning and merit. **Use of commandments not only increased quality of projects but also their chances for success and funding of interesting and relevant solutions."***

Among smart solutions introduced by ITAPA Congress were several innovative Slovak projects. One of them was the Bankruptcy Register where artificial intelligence brings

Kancelária ITAPA
Dunajská 25
811 08 Bratislava

Visegrad Fund

www.itapa.sk
Information Technologies And Public Administration

+421 948 306 893
+421 948 392 736
itapa@itapa.sk

considerable added value and more information on people in bankruptcy proceedings. Second project dealt with education and introduced eTest, a platform using advanced cognitive tools.

The topic of accelerated progress of single digital market in V4 countries was discussed also during adjoining workshop. Its participants focused on **procurement and especially involvement of SMEs in tenders of non-resident countries.** SME involvement is still low, participants join tenders outside of its country only occasionally. In eyes of EC higher involvement of SMEs in tenders should lead to better competition and positively influence quality. **What are the barriers for SMEs to participate in tenders in other countries?**

Workshop SME participants see as the biggest obstacles **the language barrier, time and information availability.** Language barrier can be overcome by contracting local experts but time is outside of their control. Tender sometimes takes a year or more and during that time they can't participate in other tenders; in case of success they might not be able to handle the delivery. Information availability was emphasized, too. Slovak, Polish and Hungarian delegates pointed out that the information about subject of public procurement are today standard ones, what they lack is knowledge of the environment and the backstage, relations and other factors influencing the procurement process. Boris Czerniejewski from Poland also pointed out at SME's inhomogeneity in regard to language barrier. For companies producing technologies it is fairly easy to apply for a competition where all they need to do is to translate documentation into particular language. Majority of SMEs is focused at services and there the language barrier makes much more difference.

Provider is having different problems. Slovak representatives pointed out at the conflict between reality and EC expectations. **V4 countries tend to procure bigger bulks of project** to maintain expediency and functionality of the project. They fear that granularity of procurements might procure parts that will not create complete and functional whole. **EC has the opposite tendency, it recommends splitting procurement to small parts** so smaller companies can also participate in the competition. Workshop participants argue that this increases difficulty on the side of the provider. Split procurement presents higher demand for integration of procured parts; there are no expert sources and capacities to handle this. Split procurement usually also invokes suspicion that it was purpose-made to fit „under the threshold. "

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Participation of consortium with outside EU firms also leads to complicated situations. In such cases, it is difficult to evaluate relevancy of their reference; their environment can differ in legislation as well as in other aspects.

Transparency and tender information availability were evaluated positively by all participants. Specification and tender information are on web and regularly updated. One of decisive factors is source of funding. In Slovak experience **when municipalities paid projects with their own money companies from other countries were also included in competition and municipality was looking for the best solution**. Whenever euro funds were in play, procurement became political and only Slovak companies participated. Similar experience is in Czech Republic. No company outside of Czech Republic participated in public procurements.

At the end, all participants agreed it is necessary to continue the discussion and bring more specific proposals based on the experience.

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