

Digital Transformation: maintaining momentum

A pre-budget submission 2023 prepared by .IE

9 September 2022



We are
Ireland online



Executive summary

Digital transformation is not only changing companies but also redefining markets, industries and economic activity resulting in a changing business environment. Yet in spite of the importance of digital transformation to the Irish economy, **empirical research** on its drivers, scale and impact during the Covid-19 pandemic **is still lacking**, creating a **national knowledge gap**.

Covid-19 fuelled digital transformation across industries by forcing companies to pivot, almost overnight, and change their processes fundamentally and to alter their strategic vision for long-term growth and value creation. While at the same time, Covid-19 spurred the digital transformation of companies, primarily SMEs, accelerating overall digital adoption by years within a matter of months. By focusing on digital orientation and digital capability, **SMEs investing in digital technologies have been able to survive and thrive** through testing circumstances.

In the words of Tánaiste Leo Varadkar *“the world has changed in the last year or two, Ireland has probably come on 15 years in terms of the digital transformation”*. It's indeed true that the Irish economy is digital and there is no going back.

Now as we enter a post-pandemic phase, Ireland's giant strides in digital transformation are facing challenges **from inflation and supply chain issues**, precipitated by geopolitical events.

These factors have created obstacles in maintaining the momentum of digital transformation, as SMEs struggle with new demands on management attention and on finances.

The [.IE Domain Profile Report](#) on domain activity for the first six months of 2022 illustrates the resilient nature of Ireland's digital transformation as businesses around the country carry on tapping into the benefits of technologies, **using digital innovation for the betterment of their local area**. The [.IE Tipping Point Report 2022](#) revealed that consumers enjoy the experience and the convenience of in-store shopping while simultaneously valuing the ease and speed of e-commerce.

While the National Remote Work Strategy, Our Rural Future and the Harnessing Digital strategy are now critically important parts of the programme for government, their implementation may be hindered due to major gaps **in our understanding of the full extent of digital transformation** across the country during the two years of on/off lockdowns.

Now is the time for a whole of Government approach to digitalisation to ensure that the digital divide continues to narrow for the betterment of business, citizens, communities and the national economy.



David Curtin
Chief Executive, .IE

Summary of recommendations

1. Address the post-Covid data deficiency

The [.IE Domain Profile Report](#) for H1 2022 highlighted major gaps in the availability of up-to-date data, limiting the nation's understanding of the full extent of digital transformation following the pandemic. A cohesive, whole-of-Government approach to data collection is essential to ensure the appropriate and effective identification, development and funding of programmes and national initiatives in 2023 and beyond.

2. Prioritise town level digitalisation

The future direction of Ireland's Enterprise Policy should be focused on towns, not cities. The [.IE Digital Town Blueprint](#) identifies the data indicators and dimensions to make an assessment of a town's digital readiness. This benchmark criteria - which is already being incorporated into the Master Plans for 26 towns as part of the Department of Rural and Community Development's Town Centre First initiative - can help policy-makers close the digital divide with a bias in favour of regional development. We are calling on whole-of-Government support for the activation of digital towns nationally, with an expected financial commitment of €770,000 over a 2-year period.

3. Empower SME representative bodies

The range of options from too many siloed service providers is a significant barrier which SMEs face when implementing digital projects. As such, SME representative bodies, not individual SMEs, should be the target of any national programmes and initiatives to ensure the effective upskilling of their SME memberships into the future.



The digital decade

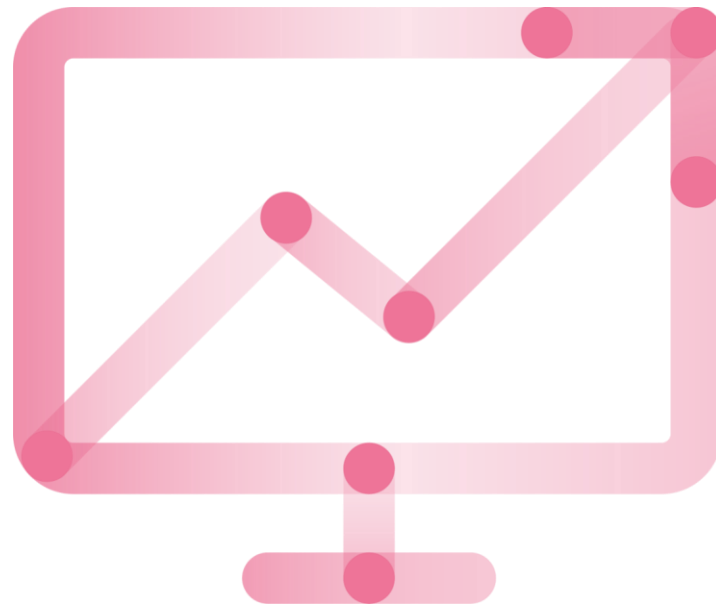
The post-pandemic era is a critical moment for the European Digital Policy. Achieving the ambitions presented by the “Digital Decade” hinge upon a successful digital transformation of Europe by 2030.

To achieve this transition towards a climate neutral, circular and resilient economy that empowers people and business to be more sustainable in a prosperous digital future, Ireland must continue to play its part through programmes and initiatives focused on training highly skilled digital professionals, expanding its digital infrastructure, continued promotion of digital transformation of SMEs as well as digitalisation of public services.

SMEs meanwhile need to follow current digitalisation trends post-pandemic, dictated by consumer demands and preferences, driven by the emergence of new technologies, to maintain their various highly competitive markets and transform their organisational culture into an innovative one - enabled by new digital tools, apps, and cloud-based platforms running on switch off / switch on tech infrastructure.

Government-led initiatives like The National Remote Working Strategy and Our Rural Future not only push forward Ireland’s digital norms and standards, but also also assist the competitiveness of companies and reshape existing business models for the better.

These initiatives show that the aim must not be to simply join in the digital transformation, but to maintain its momentum. A continued, targeted push for further programmes and initiatives in our digital transformation is decisive for SME success and therefore Ireland’s economic progress.



Recommendation 1: Address the post-Covid data deficiency

There are **major gaps** in our understanding of the full extent of digital transformation across the country during the two years of on/off lockdowns. To address the deficiencies, **a whole-of-Government response will be essential.**

Government and interested stakeholders urgently need updated data in order to:

1. **Measure SME productivity:** SMEs are now using websites, apps, digital banking, platforms in the Cloud. They are selling using click & collect, outsourcing fulfilment and deliveries. They are thereby eliminating wasteful commuting, paper workflows and queuing by their customers.
2. **Measure consumers' preferences and behaviours:** they are alternating between digital & in-store, buying & browsing (the pre-Covid trend of 'digital for midweek convenience, in-store for weekend experience' has since morphed and coalesced).
3. **Measure the extent of the transformation of professional service delivery:** estate agents, architects, designers, legal professionals, pharmacists, GPs are all transforming their businesses by using single-purpose Apps, platforms, digital signatures, Zoom/Teams and mobile commerce.

4. **Measure citizen's forced adoption of digital tools and websites** for accessing religious services, virtual entertainment events, social gatherings and financial transactions online – and in particular to measure the remaining digital divides between old and young, urban and rural – so that digital skills training can be targeted and focused.

Policymakers' understanding of what has happened in the digital sphere during the pandemic years has yet to emerge.

We call on the Government to work with partners, including .IE, to address the post-Covid data deficiency as a matter of priority.



Recommendation 2: Prioritise town level digitalisation

The future direction of Ireland's Enterprise Policy should be **focused on towns and not cities**, which suffer from transport infrastructure constraints, labour and housing shortages and negative quality of life experiences, arising from long commutes. While Smart City initiatives are commendable, they are extremely complex and expensive.

Drivers of town's economies, as well as recommendations to help resolve Ireland's digital divide, were examined in recent years through research commissioned by .IE and carried out by DCU Business School.

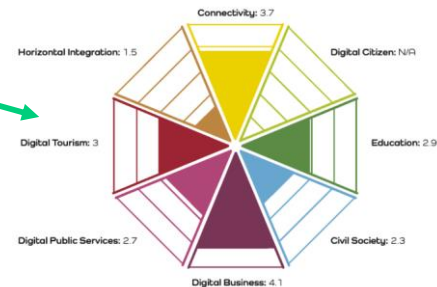
This research identified eight rationales for town level digital technology adoption, leading to the creation of the **.IE Digital Town Blueprint** document which uses primary and secondary data to measure a town's digital readiness.

The **Blueprint** provides **benchmark criteria** that can help policy-makers, town leaders and public authorities to assess towns, thereby facilitating the creation and effective rollout of a local digital strategy, roadmap and action plan.

Proof of concept was demonstrated by the application of the Blueprint framework to a set of **five pilot towns**. In addition, the Blueprint is being incorporated into the **Master Plans for 26 towns** selected for funding by DRCD as part of the Town Centre First programme.



*Digital Town Readiness Reports have already been completed for five pilot towns, including **Gorey, Co Wexford** (see spider web). In addition, the Blueprint is being incorporated into the Master Plans for 26 towns selected for funding by DRCD as part of the **Town Centre First** programme.*



Recommendation 2:/continued

Prioritise town level digitalisation

The **Blueprint** framework draws on over 200 indicators across 8 dimensions: **connectivity, digital citizen, education, civil society, digital business, digital public services, digital tourism** and most important of all, **horizontal integration** – which measures the degree of coordination across the town on digitalisation, both online and off-line coordination, including the availability of a platform for citizens to interact, share knowledge, experiences and mutual interests.

The benefits in adopting such a framework are significant for **Government (1-7)** and for **towns' citizens (8-12)** in **achieving national economic and societal objectives**.

1. **Provides post-Covid data**, reflecting a Town's accelerated digital transformation during pandemic restrictions
2. Contributes to the digital element of the *Town Centre First Master Plans*
3. Reflects the importance of **national comparability and benchmarking**
4. Provides a **significant exemplar** for the EU Digital Agenda.
5. Reflects the new digital divide (closing the gap in the regions, with remote workers and their new digital tools).
6. Indicators are **based on international standards** (incl DESI) to aid in validity, interpretability & comparability.
7. **Open data principles** - preparation of open data against FAIR principles:
 - a. The research & framework is the **first of its kind**.
 - b. **Incorporates context sensitivity** in each town assessment e.g. digital tourism, smart agriculture etc.
 - c. Indicators, sub-dimensions, and dimensions can be weighted to **reflect the priorities of the town**.
 - d. Framework is informed by six **best-practice** design principles.
 - e. Acknowledges the significant challenges of **primary data collection** in terms of resources required, accuracy, and national/international comparability.
8. **Stakeholder engagement** methods includes collaborative teams/task forces, town/community meetings, and online methods including portals, websites, email newsletters, and social media.
9. Recognises local ownership and engagement with **bottom-up community-driven initiatives**.
10. Blueprint reports reflect **positive data presentation, data interpretation and communications** for local consumption to maximise positivity, motivation and engagement.
11. Involving **local digital champions** and stakeholders may make data collection easier and less costly, but will also **ensure greater buy-in and support** for subsequent actions.
12. Achievable objective is to **build coalitions of the willing**.

Recommendation 2: .../continued

Prioritise town level digitalisation

A significant proportion of people in Ireland live in towns and small communities. Too often, however, there is a lack of data about towns available in one accessible, easy to use place that can be used, for instance, to evidence and share good practices.

By using common indicators and dimensions, the **.IE Digital Town Blueprint readiness assessment** will, over time, provide benchmarks which can help town leaders, local authorities & national policymakers in decision-making and planning.

To sharpen the focus on prioritising town-level digitalisation, we are calling on whole-of-Government support for the activation of digital towns nationally to include the widespread roll-out of Digital Town Readiness Assessments, the identification, training and support of 70 local digital champions, and the creation of a Digital Town Champion portal to share best practices and case studies.

We are calling on a financial commitment by Government of €770,000 to support the roll-out of this initiative over a 2-year period.

“For a town with a population of 10,000, a 10% increase in fixed broadband adoption, improved broadband speed, and a 1% increase in mobile penetration would generate €3.7 million per annum for the local economy.”

- DCU

“Better e-health services, facilitated via digital technology, can save GP practices 30 minutes per day, thereby decreasing patient wait time. On a larger scale, this means that the average GP could perform an additional 470 consultations every year.”

- DCU



Recommendation 3:

Empower SME representative bodies

Programmes and initiatives should be targeted at SME representative bodies and sector-based organisations, rather than at individual SMEs.

Our [.IE Tipping Point Report 2022](#) reveals that more than half (55%) of SMEs with an online presence said that they had experienced some difficulties maintaining it over the past year. However, 74% of SMEs surveyed will continue to invest in their online services this year.

Pre-pandemic, our periodic [.IE Digital Health Index](#) surveyed 1,000 SMEs annually and showed that major barriers to SMEs doing more online included not having enough time, lack of technical expertise and cost.

We also know anecdotally that many SMEs experience fear, uncertainty and doubt (the FUD factor) when faced with a bewildering range of options from siloed service providers and this also represents a significant barrier.

SMEs say they are confident in running new digital applications post-launch, but they do not have the time, resources or expertise required for the design, test and project management phases.

In addition to leveraging the existing Connected Hubs, we believe that working with the right partners and appropriate funding, sector-based organisations can benefit from acquiring new skills sets that can then be used to continue to upskill more of its members into the future. (The Design & Crafts Council Ireland is a successful example of this approach). Sector-based Skillnets will continue to play an important role in this regard.



About .IE



.IE is the national registry for .ie domain names and the trusted and progressive guardian of Ireland's unique online .ie address.

Our purpose is to enable and empower people, communities, and businesses across Ireland to thrive online.

We operate the domain name system (DNS) for the .ie namespace, facilitate an independent dispute resolution service, and operate a public WHOIS lookup service for .ie domains.

In cooperation with our Registrars, technical partners, and stakeholders, we help advance Ireland's internet ecosystem. Good governance is evidenced in our policy development process for the .ie namespace, which follows a bottom-up, consensus-driven approach through a multi-stakeholder [Policy Advisory Committee](#).

At .IE we are committed to digital advocacy for local towns, communities and SMEs. Through stakeholder engagement initiatives such as [.IE Digital Town](#) programme, we work with

and support SMEs' organisations to improve their members' online presence and e-commerce capabilities so they can unlock the power of the internet to boost sales.

We also produce fact-based research for the business community and policymakers, such as the [.IE Domain Profile Report](#) and the [.IE Tipping Point Report](#), which charted the attitudes to digital of Irish SMEs and consumers during the Covid-19 pandemic.

There are over 330,000 .ie domain names registered. As part of the domain registration process, every applicant must provide tangible evidence of its identity and its connection to Ireland.

This validation process provides evidence of domain 'ownership', for consumer protection or registrant protection purposes, should it be required.

.IE - providing a trusted, Irish .ie online identity

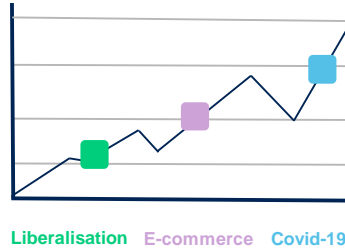
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About .IE

National registry (22 years)



.ie domain Growth



Research Publications



Policy, Protocols, OES



Profit for Good



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