

Interreg



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E-Channel

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WP T1.2.2

Report on key lessons
learned in establishing
E-Channel consultancy
services

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1. Focus of report and related E-Channel reports

This report covers the development of the E-Channel consultancy services from the bid writing process to its launch with E-Channel participant SMEs. This is derived from key information from discussions, reports, technical support guidance documents, minutes and meetings between staff from Soledis in France and Vertical Plus in the UK. Information has also been taken from notes and key documents produced by the team working on specific components of the E-Channel consultancy services; including input from Directors, technical and SME facing colleagues from Soledis and Vertical Plus.

In addition, the E-Channel consultancy services will be referenced in further reports, including those in the table below. These reports are available at <https://www.e-channel.org/resources/>

Work Package Reference	Report
WP T2.2.1	Report on key findings and lessons learnt re Launchpad SME audit and preparation
WP T2.2.2	Report on SME on-boarding and induction
WP T2.2.3	Report on E-Channel Coaching and Partnership Model
WP T2.3.1	Report on key findings and lessons learnt from trends for participant SMEs
WP T2.4.2	Report on the operation and performance of the E-Channel Launchpads with SMEs
WP T2.4.2	Report on the operation and performance of the E-Channel Data management Control Platform (DMCP) with SMEs
WP T2.4.3	Report on Vertical Plus and Soledis joint work re technical operations, cultural exchange and innovation
WP T2.4.3	Report summarising work undertaken with Participant SMEs
WP T2.4.3	Report on impact of the project for Vertical Plus and Soledis during the project and future opportunities

Table 1: Further E-Channel reports which reference E-Channel consultancy services

1. E-Channel consultancy services Rationale: purpose and relationship to the E-Channel Project

The E-Channel Project vision was to support SMEs in the France Channel England (FCE) zone to successfully enter new markets, including those in each other's countries. In our micro-project bid (A.1.2 Micro-Project summary p2) we outlined the demand for advice, guidance and support for SMEs:

SMEs in the UK and FR have comparatively less engagement in exporting, compared to other EU countries (Eurostat: 2016). Our research suggests many SMEs consider exporting and growing international sales but worry about doing this alone. They need a technology support package and ongoing advice and guidance which E-Channel offers.

E-Channel bid document: A 1.2 Micro-Project Summary p2

E-Channel offers value added services to SMEs through a two-fold cross border solution:

[1] A set of E-Commerce tools on one site, with some of the best B2C and B2B E-Commerce expertise from V+ and Soledis, two leading commercial companies in FR and the UK, to develop SME export.

[2] Launchpads in the UK and FR are the service face of E-Channel. Here SMEs will access bespoke systems, tools and processes.

This is combined with live feedback on product sales so SMEs can make ongoing choices, grow and adapt their business models on a path to smart, sustainable and inclusive growth through E-Commerce and export advice and guidance in an integrated package.

E-Channel bid document: C.1.1 Contribution to the Programme Specific Objectives p4

The E-Channel Platform integrates both B2B and B2C E-Commerce tools and services designed to support individual SME needs in boosting sales via export. 2 Launchpads, one on each side of the Channel, will provide support and advice to SMEs. E.g. FR and the UK have different preferences in the sales platforms, E-Markets and websites they use. Thanks to the cultural exchange of Market Intelligence, E-Channel will support SMEs to maximise their sales by offering market specific advice and sales options. Services offered via E-Channel will be bespoke to each SME ensuring they are using the right E-Commerce tools for their stage of development and making product, sales and operational decisions based on live data.

E-Channel bid document: C.1.2 Need and Demand p4

Launchpad services include: support with translation (technical or product related) and culturally specific market knowledge and advice on logistics and distribution solutions and signpost alternatives as SMEs increase their exporting advice on export legal requirements, including Brexit: often perceived as a major barrier to export exchange rate and handing support to effectively manage sales across a range of selling platforms

Thanks to the services offered by the Launchpads, and the tools on the E-Channel Platform, SMEs will become active exporters. Launchpads will then support SMEs in taking their next developmental steps.

E-Channel bid document: C.1.3 Cross-Border Added-Value p5

3. E-Channel Consultancy Funding condition on State Aid and Impact of World Trade Organisation (WTO) Rules

Consultancy was always a strong element of the E-Channel vision. During the bid writing process, the words 'advice', 'guidance' and 'support' were used rather than 'consultancy' to ensure the bid reviewers were clear on how E-Channel would work with participant SMEs once signed up and engaging with their Launchpad¹. However, after submitting the E-Channel bid and in response to

¹ The Launchpads, one in the UK and one in France, are the offices, and physical points of contact, where consultancy advice and guidance is provided by accounts managers to determine the most relevant E-Commerce sales channels for each SME, together with support on the choice and implementation of the tools required for each of the chosen E-Commerce sales channels.

the questions, feedback and conditions of funding received, the E-Channel team moved to an explicit use of the term 'consultancy' to define its services to SMEs.

As part of the feedback and a condition of the bid, the France (Channel) England Programme Selection Sub-Committee review team (26.06.2018), drew attention to State Aid and World Trade Organisation (WTO) Rules. The Committee questioned whether a project which supported a group of SMEs with export could be judged to be providing a material contribution to those SMEs and therefore distorting the market; by providing these SMEs with direct sales support services (including potential export) that other SMEs would have to pay for.

Key advice from the France (Channel) England Programme Selection Sub-Committee review team included:

As partners will provide support services to SMEs in order to facilitate their export activities and as the project aim is not to finance directly export-related activities, it appears that the services provided by partners could be considered as "consultancy services" for which De Minimis regulation applies.

Partners should be aware that State aid exemptions including De Minimis do not apply to export-related activities toward EU Member-States or third countries, excluding "the costs of participating in consultancy services needed for the launch of a new or existing product on a new market".

Partners are therefore required to seek further guidance from experts to clarify the project State aid and to define whether the project activities can be funded under a State aid exemption such as De Minimis before the signature of the Grant Offer Letter.

E-Channel undertook this work prior to the project launch as outlined below. The E-Channel team first researched how other projects had handled this question. We found eight EU projects that support SME export via consultancy support. In addition, we found a further five INTERREG projects which support SMEs with internationalisation; of which export is a component. This helped assure that the revised approach to E-Channel consultancy is in line with established and compliant practice.

Regarding EU Commission decisions, we researched related decisions regarding there being no State Aid exemption for export related activity except in the area of Consultancy. Of most relevance was a decision from the Commission on a similar question raised in Germany.

The Commission investigated 'export-aid' in the meaning of Article 1(b) of the de minimis Regulation and came to the conclusion that 'market launch activities' did not fall under the definition of export-aid pursuant to Article 1(b) of the de minimis-Regulation. In fact, according to recital (4) of said regulation (2), such measures do normally not constitute export aid. The word 'normally' should make clear that aid for consultancy services is not an absolute safe harbour clause. However, at this point the Commission took the view that external consultancy services under the scheme did not constitute 'export-aid' as defined in the de minimis-Regulation.

Additional guidance on this provided by the Scottish Government says:

Support cannot be given for export activity - following the World Trade Organisation (WTO) Agreement on Subsidies and Countervailing Measures, aid for export activities is prohibited. Export aid is defined as aid to export-related activities, namely aid directly linked to the quantities

exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity.

Highlands and Islands operate a Preparing for Export scheme under De Minimis which shows that it can work, and the details can be found at:

<http://www.hie.co.uk/business-support/international-trade-support/preparing-to-export.html>
(As accessed in 2019)

Next the E-Channel team reframed how the project is described and outlined in more detail for the Joint Secretariat (JS) about how the project would explicitly work with reference to State Aid and WTO rules. This allowed for subsequent advice from experienced EU project experts at the University of Plymouth and DWF Law, an experienced firm in EU law, project funding and trade, to fully understand and confirm our plans.

The changes were confirmed in revised E-Channel Work Packages T1 & T2, agreed with the JS as part of a technical modification request. This included a more explicit focus on consultancy support for entry to new markets that can include export, and explicitly excluding any direct selling support; thus creating a clear separation of:

[a] the E-Channel project consultancy support available

[b] the contractual arrangements between SMEs and Vertical Plus / Soledis (or any other e-commerce support company) during the project and post project; as some form of contractual arrangement is needed by all companies engaged in e-commerce.

4. Key lessons learned from two e-commerce support companies working together to develop E-Channel consultancy services

From the kick-off meeting (11.09.2019), it was clear to the E-Channel team that while a key objective was to achieve synergies in the consultancy model, a slightly different approach in the UK and France might be needed.

Key aspects of discussion from the kick-off meeting included:

- How Soledis works with SMEs in France, based on Soledis B2B expertise.
- How Vertical Plus works with SMEs in the UK, based on Vertical Plus B2C expertise
- Cultural and language differences
- Technical and software differences
- French SME expectations of E-Commerce in France and how they could approach the UK market
- English SME expectations of E-Commerce in the UK and how they could approach the French market
- The tools used and advice given by Soledis based on their sales model

- The tools used and advice given by Vertical Plus based on their Return on Investment (ROI) business model
- Impact of Brexit on French SMEs seeking new markets in the UK
- Impact of Brexit on UK SMEs seeking new markets in France

The team agreed to establish a working consultancy structure. There was agreement that one of the first things to offer the SMEs would need to be a product and inventory analysis, before any consultancy advice would be given. Also, it would be paramount to have an operational DMCP² with a set of tools, from which SMEs would access a bespoke subset, which would be crucial to supporting the SMEs with accessing the new markets.

Presentation of the consultancy offer to SMEs would also be paramount. The team considered what the offer to the SMEs would look like and how to promote the offer. It was agreed that a checklist would be important, not only in identifying potential participant SMEs but also to assist the E-Channel Team in assessing where the SME is on the E-Commerce, new market journey. Then, on-boarding and induction would be inextricably linked to assessing SME needs and creating their individual project plan.

4.1 Collaborative Partnership Work

The team agreed that it would be difficult to offer consultancy services until they had something which could be shared with SMEs and BSOs.

A key lesson learned was to prioritise and to focus on what is visible from outside the project as soon as possible.

Marketing materials were designed and drafted to demonstrate and showcase what the E-Channel Project could offer. These materials are available at <https://www.e-channel.org/resources/>

The directors agreed that the consultancy would evolve around four key operational areas which SME participants will be able to see:

- My plan
- My products
- My customers
- My orders

The team was clear that they wanted SMEs to be active partners, involved in the decision making, and then driving their own plans. Therefore, part of the consultancy would be to support them in owning their own decisions as soon as they were ready to do so.

One significant difference was between the focus of the French and English consultancy support business models. Vertical Plus uses a Return on Investment (ROI) business model, whereas Soledis does not use this as much. With the ROI business model, the relationship is one of information exchange, mentoring and support, at a detailed, individual level. Vertical Plus

² The Data Management Control Platform (DMCP) is a data and support model, linked to the consultancy model, for organising inventory, identifying opportunities and measuring success in online marketplaces.

advocated working with SMEs by asking the SME questions such as:

- What is your break-even point?
- Will you lose money before you reach it?
- When will you get your return or money back?

Vertical Plus advised that they work in this way with SMEs to offer guidance and support, especially for those SMEs who continue to run at a loss because they focus on turnover but don't necessarily understand the impact on their overall profit from their volume of sales. Vertical Plus will contextualise it for them e.g. the margin may not be enough. It may be the volume of products, advertising and volume of sales. Vertical Plus offers advice on communications and marketing as part of their regular business engagements.

With the French business model, as explained by Soledis, in which the SME already knows where they want to go, at least to a degree, and takes the decisions themselves, Soledis provides data and recommendations based on the data, but culturally they don't know why, for example an SME might want to go to the Emirates or Australia and Soledis would not ask as it is beyond the remit of their consultancy. Soledis advised that they would have to expand their area of expertise if they worked in this way, rather than offering a clearly defined and succinct model. Soledis does not usually offer advice on communications and marketing as part of their regular business engagements for the same reasons.

The team felt that, as far as possible, the SME experience should be similar as, while Vertical Plus and Soledis would be using their own knowledge and expertise, they would also have shared knowledge and expertise as part of the cultural exchange.

Part of the cultural exchange was for Vertical Plus and Soledis to play to, and share their own strengths, and offer a proven yet culturally different model based on their own track record to participant SMEs. The challenge was to combine the best of the two approaches in a flexible way for SMEs and to make this as seamless as possible.

4.2 The relationship of the DMCP as part of E-Channel consultancy services

The overriding objective of the E-Channel Project is to support SMEs looking to grow into new markets using E-Commerce.

The key lessons learned were that the technology has to support the consultancy model, but the technology had to be in place before confirming the consultancy model and building the communications and promotion. Therefore, the process of developing the necessary technology for the DMCP to a point where the French and English systems could interact with each other, necessarily started before the consultancy services;

- Firstly, as the technology would be needed for an SME to access the Consultancy Services.
- Secondly, the marketing materials were very important, but the team had to be sure that the technology enabled E-Channel to deliver the offer. It would be important to show SMEs what these services would look like.

However, as a result of Covid19, the E-Channel team took the decision to make modifications to

the DMCP, so as to incorporate an additional element as part of the E-Channel consultancy. More information can be found in: T1.2.1 Report that summarises the work to create the DMCP, which is available at <https://www.e-channel.org/resources/> The DMCP now included the ability for SMEs to have greater remote access to training and support via Moodle, a learning platform designed to provide educators, administrators and learners with a single robust, secure and integrated system to create personalised learning environments - thus changing the planned nature of the Launchpads engagement with SMEs.

4.3 Establishing a standardised model for the E-Channel consultancy services

During the early development stages of the E-Channel Consultancy model, there was much discussion about how far Soledis and Vertical Plus would be able to create a standardised offer.

A key lesson learned from this process was that, despite putting in place a rigorous selection process and specific recruitment criteria, each SME is on a different journey. That journey will have different stages, with differences in successes and challenges.

The nature of the E-Channel Consultancy model is that it is not a one size fits all model. It is designed to be bespoke to each SME. All SMEs are individually assessed, and a project plan developed and agreed for each SME in collaboration with the Launchpad; while this is not a full business plan for each SME, it is clearly focused on the four key areas best matched with promoting new market entry via E-Commerce (as outlined in 4.1 Collaborative Partnership Work p9). The SME will have access to a subset of support tools and consultancy advice throughout their launch preparedness work, and operational decision making, over an intensive four-month period. It was envisaged that Soledis and Vertical Plus Launchpads would support the SME to make decisions informed by their own market data, using the most relevant subset of tools from the E-Channel DMCP, to help them make those decisions at the right time, as part of their consultation with E-Channel.

A key lesson learned was that that SMEs will not all use the same tools from the DMCP, it will depend on the journey and to some extent culture, SME expectations and stage of development.

A key lesson learned was that although the Consultancy would include guidance on different ways to boost sales in new markets, SMEs would not necessarily need or want to use them all.

Soledis advised that their clients often wanted technical work and support but often left marketing, media and comms to a third party, whereas Vertical Plus offers these services.

It was agreed that the most effective way to approach SMEs would be to be able to show them project materials and to be ready to discuss what consultancy offers.

A key lesson learned was the importance of media and marketing so as to have something to show any stakeholder. This had to be done remotely due to Covid-19.

To this end, the team purchased e-channel.org and e-channel.fr. Building the website in French

and English was crucial preparation before the E-Channel Team could actively go out and approach potential SMEs.

A key lesson learned, and a project output, was to align the technology to support the consultancy model.

A key lesson learned was that the technical tools were an important factor of the consultancy model but it was also paramount to align the data to the process.

4.4 The planned SME Journey

The planned core SME consultancy journey is 4 months long, with follow up monitoring. Each SME undergoes a period of intense support, with time to reflect and implement any changes. E-Channel works with the SMEs in three tranches so as to ensure that all 24 SMEs undertake the 4 month journey, regardless of which tranche they are in.

A key lesson learned was to ensure that the team had a process to capture the SME journey and experience at pre-agreed touch points along the way.

This feedback would then impact on the E-Channel consultancy services, as the voice of the SME is paramount if they are to be active partners in the process.

A key lesson learned was to develop a shared vocabulary, so each SME gets the same level of service and a similar journey, but one which is relevant to their situation.

4.5 Contribution to E-Channel consultancy services from Other EU projects

As part of the preparation work for the E-Channel consultancy services, other EU projects were identified and approached for their advice as to best practice to inform the E-Channel consultancy model.

As part of WP T1.1: Sharing technological practice, market intelligence and cultural exchange, two reports were written as deliverables from WP T1.1.2: Contributions from other EU funded project:

1. Report on potential contribution of other EU projects to E-Channel
2. Report on actual contribution of other EU projects to E-Channel

These reports are available at <https://www.e-channel.org/resources/>

A key lesson learned was that approaching other projects and engaging with them provided many insights which made a contribution to establishing E-Channel consultancy services.

5. The planned E-Channel consultancy services at launch to participant SMEs

In establishing E-Channel consultancy services, E-Channel made it clear that the participant SME could access bespoke consultancy services, regardless of where they were positioned in terms of their stage of new markets or export readiness;

- Stage One: Little or no experience
- Stage Two: Some experience already
- Stage Three: Experienced and quite established already

This would be assessed during the preliminary stage prior to acceptance and on-boarding. The E-Channel consultancy services approach at launch to participant SMEs involved:

- A close analysis of where the participant SME has been online, where it is headed and to develop the strategy for where they go next, taking into account the short term and longer term impact, not only of Brexit but also of Covid-19.
- Close cooperation between E-Channel and the SME for the duration of the project to grow sales, review product range, grasp opportunities and develop a longer term digital growth business strategy.

A key outcome will be how the SME wishes to proceed post Covid-19 and how they can make any current success more permanent.

E-Channel will improve the SMEs online digital skills. There is now, due to Covid-19, a range of online learning, mentorship activities and training planned to help the SME to upskill themselves through an online learning portal. Throughout the duration of the project, E-Channel will encourage the SME to enter new markets to sell products. This could be different variations of what the SME already sells or it could be brand new customer bases. One of E-Channel's key strengths is the close tie in between the English and French Digital Marketing companies who will, for example, be able to assist if European expansion becomes a priority for the SME. Both companies share the same model, same funding, same tools, advice and consultancy.

The entire package is estimated to be worth around 5000 euros to 8000 euros in time, consultancy and value. The SME is not required to provide any funds but will need to commit time to the process including:

- To have an initial evaluation
- To agree to staff potentially learning more digital marketing skills (although this is not an absolute requirement if the SME does not want to upskill staff)
- To agree to be involved for a minimum of four intensive months and for subsequent in-project follow up
- To hold regular reviews with E-Channel to assess impact

6. The impact of the Covid-19 Pandemic and key lessons

The E-Channel Project started against a backdrop of Brexit uncertainty and what post Brexit trading conditions might look like for SMEs looking to enter new markets and internationalise. However, Covid-19 has caused disruption across Europe, and uncertainty for Soledis, Vertical Plus and all SMEs and BSOs involved with E-Channel.

Specifically, Covid-19 events from Spring 2020 have impacted upon establishing the E-Channel Consultancy Services. Face-to-face meetings with SMEs and participation in events organised by or with BSOs to help shape the E-Channel offer were curtailed, leading to a concerted move to work with SMEs and BSOs, both synchronously via conferencing technology, and asynchronously via email and promotional material.

It was envisioned that the E-Channel consultancy services would be accessed by the SME via the Launchpad, (including face to face meetings and company visits) in support of developing new markets using a bespoke package of tools, from the DMCP. However, during the period from March 2020, the Covid-19 pandemic impacted upon project development, including finalising the consultancy offer.

COVID-19 has provided new opportunities for E-Channel to work with SMEs looking for new e-commerce markets given the impact to their current business models and ways of working.

Feedback from SMEs at this time highlighted the need for greater access to distance selling and to be able to either start or accelerate these plans while working remotely. Therefore, while the consultancy model principles did not change, the E-Channel Team was faced with the challenge of how the SMEs would access the consultancy services in pandemic conditions.

This led to discussions with the JS on required changes of project outputs and different ways of working. These were recorded and signed off in another Project Modification in June 2020. This included changes to Work Package components and timings, plus revised budget allocations.

The immediate impact on E-Channel is that:

- The work to acquire SME participants will be faster as the interest in the project from SMEs has been higher since Covid-19. This has required E-Channel to speed up preparation of on-boarding materials to recruit SMEs sooner than planned.
- The technical solutions needed to advise, guide and support SMEs online required additional work, specifically to facilitate distance learning and ongoing engagement. The DMCP was originally conceived to support SMEs via their Launchpad including face to face mentoring. This was no longer possible with restrictions on travel and requirements for social distancing. E-Channel has moved SMEs to remote access training and support via Moodle³, a learning platform designed to provide educators, administrators and learners with a single robust, secure and integrated system to create personalised learning environments. This has also changed the planned nature of the Launchpads engagement with SMEs. SMEs will now be able to access tools and services remotely via launchpad.e-channel.org

³ <https://moodle.org/>

- The project is developing different ways of working with BSOs and other partners (e.g. Brittany Ferries) themselves also heavily impacted by Covid-19; with these project partners being unable to attend planned face to face events; while also being overwhelmed by stakeholder concerns across a wide range of Covid19 related issues. BSO communication became very slow or stalled and their involvement in the E-Channel promotion and dissemination plan was no longer that envisaged, due to their staff being furloughed or working from home. This led to the need to develop electronic briefing guides to help BSOs understand the E-Channel project and facilitate their involvement and contribution.
- Increased social and political risks required additional Management Work Package mitigation activity.

7. Summary of key lessons learned in establishing E-Channel Consultancy Services

No	Key lesson learned
1	To prioritise and to focus on what is visible from outside the project as soon as possible.
2	The technology has to support the consultancy model, but the technology had to be in place before confirming the consultancy model and building the communications and promotion. Therefore, the process of developing the necessary technology for the DMCP to a point where the French and English systems could interact with each other, necessarily started before the consultancy services; <ul style="list-style-type: none"> • Firstly, as the technology would be needed for an SME to access the Consultancy Services. • Secondly, the marketing materials were very important, but the team had to be sure that the technology enabled E-Channel to deliver the offer. It would be important to show SMEs what these services would look like.
3	Despite putting in place a rigorous selection process and specific recruitment criteria, each SME is on a different journey. That journey will have different stages, with differences in successes and challenges.
4	SMEs will not all use the same tools from the DMCP, it will depend on the journey and to some extent culture, SME expectations and stage of development.
5	Although the Consultancy would include guidance on different ways to boost sales in new markets, SMEs would not necessarily need or want to use them all.
6	The importance of media and marketing so as to have something to show any stakeholder. This had to be done remotely due to Covid-19.
7	To align the technology to support the consultancy model.
8	The technical tools were an important factor of the consultancy model but it was also paramount to align the data to the process.
9	To ensure that the team had a process to capture the SME journey and experience at pre-agreed touch points along the way.
10	To develop a shared vocabulary, so each SME gets the same level of service and a similar journey, but one which is relevant to their situation.
11	Approaching other projects and engaging with them provided many insights which made a contribution to establishing E-Channel consultancy services.

Table 2: Summary of key lessons learned in establishing E-Channel Consultancy Services