

# GAP ANALYSIS

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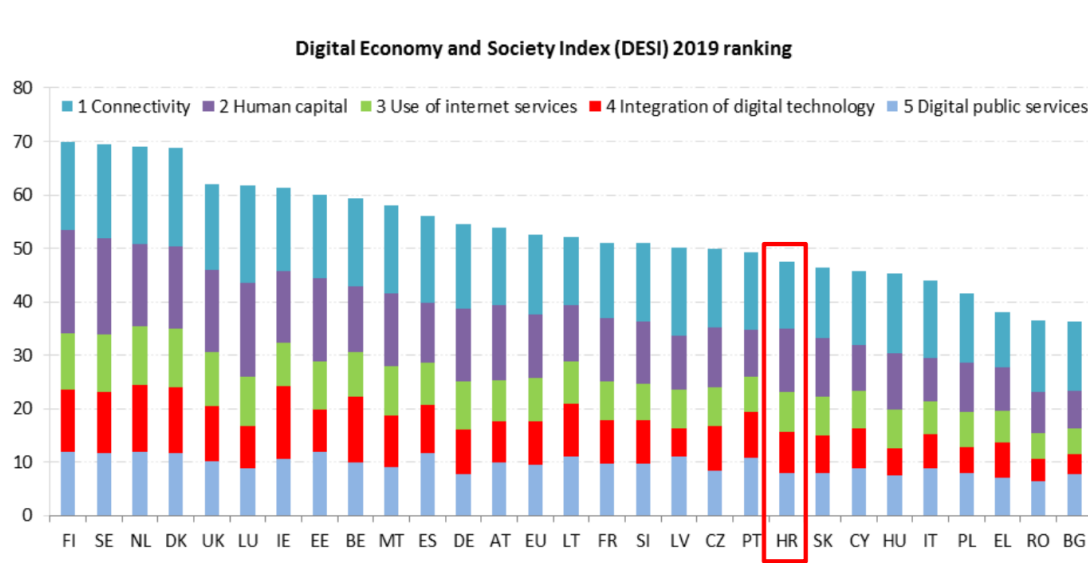
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Statistical division of the territory of the Republic of Croatia into two NUTS-2 level regions: Continental Croatia and Adriatic Croatia. The regions don't have any administrative functions, but they are divided by the National classification for statistics of spatial units, by their geographical coverage. Policies are made on national level. According to DESI index (The Digital Economy and Society Indeks) for 2019, conducted by the European Commission, which monitors the evolution of EU Member States' digital competitiveness, Croatia is 21st out of 29 EU Member States and is in the category of less successful countries. The report for Croatia states that Croatia is performing poorly primarily in the area of connectivity, while good progress is being made in human capital.



The National Development Strategy, Croatia 2030, has goal to address digital skills vertically through 'Digital Society' priority and through crosscutting policies, 'Education and Human Resource Development' and 'Industrial Development and Entrepreneurship'. There are projects that has brought digital content and technology to the primary and secondary school systems, also there are programs for adults that have been created to enhance their digital skills. Regards public services it was developed the 'Digital Citizen' project, launched in 2018 with the support of Google, and it was designed to bring digital skills to local communities through public libraries transformed into digital innovation centres. Croatia has launched a National Digital Skills and Jobs Coalition. The goal is full cooperation with business, educational institutions, public and private sectors. Aim is to encourage young people to pursue their careers in ICT. There has been little progress in the field of digital technology integration. The National Platform for Digitalisation of the Industry of the Republic of Croatia is still under preparation.

Ecosystem evaluation takes into account the various components: such as infrastructure, job tools, financial tools, HR tools, connections and intermediaries... Some of that is not developed or is partially developed and to be completely embrace there is demand for funding and knowledge. The biggest problem is that decisions regarding the introduction of new technology in SMEs is still being delay. Reason for that is Micro, small and medium-sized enterprises do not have financial resources, and it is not known how this problem will be solved. Which also entails the need to provide more funding through loans, grants and vouchers. A similar problem is in the EU. In the digital transformation process, we want technology to enable users to search for what they want, whenever



and however they want. Each organization is individual, so the development path of each organization's digital transformation is different. Ideal situation is where company has its own vision, which includes digital transformation of business processes, changing the way how human resources operate, constantly maintains relationship inside and outside the company with experts in various fields.

Lately there has been lots of talk about Industry 4.0 and digitization. Conferences have been organized with speakers who are experts on such topics. Those are interesting events showing all possibilities that future holds, and the threats if we do not adjust in time. The question is how much are these events available to SMEs, whether they have the time and the will to participate in such events. Regarding trainings, expert database, orientation towards future career great examples are FAMENA (Faculty of Mechanical Engineering and Naval Architecture), IRIM (Institute for Youth Development and Innovativity), The Osijek Software City... Their activities focus on collaboration and education, FAMENA participates in projects of significant economic importance, IRIM works with children to educate them in robotics and digital skills, while Osijek software city provides an opportunity for those without formal education to highlight their skills and is encouraging entrepreneurship in ICT sector. In recent years, there has been talk of school reforms to bring education closer to the needs of the labour market. Some changes are adopted, adjustments are made, but this is just a start. School programs are not fully adjusted to the demands of the labour market. Considering that, awareness of the benefits of implementation has increased. Although the biggest problem remains, low education level of employees who should undergo the transformation as well as the financial means to do so. Also, financial problems can be highlighted, i.e. the costs associated with the introduction of digitalization itself. In addition to ensuring the required level of education for employees, it is extremely important to have the right level of technology and equipment.

Individuals in businesses are trained and knowledgeable, but entire departments are required to implement this. In addition, given the current situation with covid-19, many companies have experienced a decline in sales of their products and services. Even without the influence of covid-19 on the business, there were problems in obtaining funding to finance additional investments outside the ordinary course of business, but now the situation is even worse. It is important to provide calls through which the introduction of Industry 4.0 will make it easier for SMEs, start-ups. That means that they will need the technical assistance of DIHs or the Open Innovation Centres. It would therefore not be worse for the ecosystem to establish these institutions where timely and professional information can be obtained, which through their services will assist in providing funding and where SMEs can prepare themselves for digitization processes according to their own needs.

The global pandemic caused by the coronavirus may force all SMEs to digitize their businesses in order to survive in the market, be competitive and to promote and market their products and services to their target customers. What is more important to emphasize is the lack of interest of entrepreneurs in the digitalization process in general, the lack of knowledge of the concept of digitalization and all that it carries (advantages for business operations). Certainly, in the future, it is necessary to work on promoting the benefits of the digitalization process, so that entrepreneurs, whether micro, small or medium, have advantages and positive effects on their business, but also positive effects on the overall economy of the country.

It would be great to have fully operated and equipped infrastructure and intermediaries who are connected with those more advanced in Europe (e.g. in Austria or Germany) that would work on sharing knowledge and experience. In addition, ideally, universities would be involved in the work of the HUBs, providing expert knowledge and having access to technology, connections with international institutions and, most importantly, industry and SMEs that would use their services. The ideal situation would be a condition where such an approach would be something that is normal.

The most important of all elements of the process of introduction of digitalization in the business of both enterprises and the state in general is the policy of the Government of the State. It is



important that politics and government recognize the benefits and importance of the digitalization process. Unless there is policy makers support, we cannot expect any major shifts in individuals.

The coronavirus has faced a major and unexpected collapse of the global market and economy throughout the world, but it has also taught us that we can do anything when we have to, what we witness through every day. Public administration has digitized its business in 3 days, no more waiting in lines, working from home is enabled. All public administration institutions are functioning normally and private companies, also facing the crisis caused by the coronavirus pandemic, are digitizing their businesses. Perhaps this crisis is an opportunity for Industry 4.0 to begin to be more valorized and for the process of digitalization to enter all economic and social spheres of life in Croatia. Therefore, we believe that developing DIH in ecosystem is important. Digital Innovation HUB or Information HUB are necessity as providers of all relevant information, transfer of knowledge, access to experts and industry in order to upgrade businesses and achieve competitiveness of SMEs. They are ecosystem drivers.