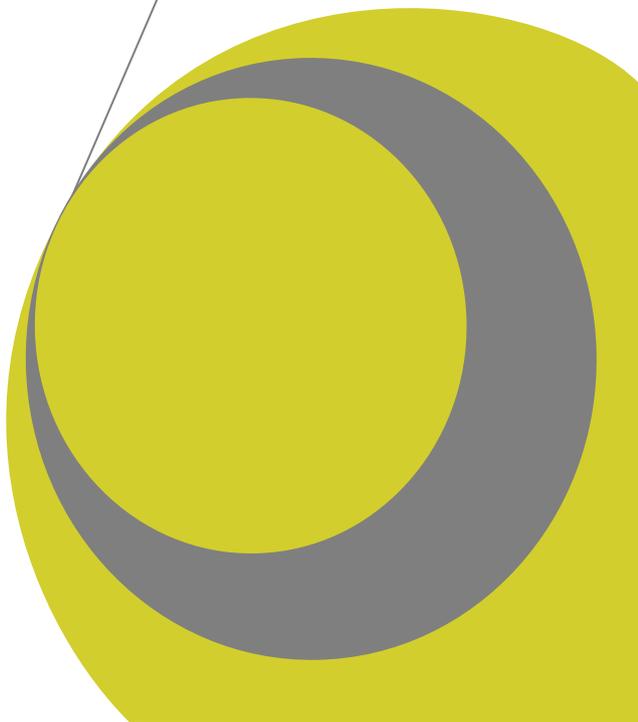


**eBUSINESS SERVICE  
EVALUATION - FINAL**



**17<sup>th</sup> December 2015**



# eBUSINESS SERVICE

## EVALUATION

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## List of Abbreviations

Abbreviation	Definition
BAs	Business Advisors
CEs	Client Executives
CoC	Chamber of Commerce
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
EAM	Economic Appraisal Methodology
EC	European Commission
EQIA	Equality Impact Assessment
ERNI	Employers National Insurance Contributions
FSB	Federation of Small Businesses
FTE	Full Time Equivalent
GAP	Growth Accelerator Programme
GB	Great Britain
GVA	Gross Value Added
HM	Her Majesty's
HMT's	Her Majesty's Treasury
IDB	Industrial Development Board
IoD	Institute of Directors
Invest NI	Invest Northern Ireland
IRTU	Industrial Research and Technology Unit
LEDU	Local Enterprise Development Unit
NI	Northern Ireland
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
PIS	Productivity Improvement Service
PIT	Productivity Improvement Team
SMART	Specific, Measurable, Achievable, Realistic and Time-bound
SMEs	Small and Medium Sized Enterprises
UK	United Kingdom

## EXECUTIVE SUMMARY

### Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of its eBusiness Service ('eBS'), covering the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2015.

The evaluation has been undertaken in line with national and regional requirements and is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), Current Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

### The eBusiness Service

The origins of the eBS can be traced back to Invest NI's three legacy agencies (the Industrial Development Board (IDB), the Industrial Research and Technology Unit (IRTU) and the Local Enterprise Development Unit (LEDU)) which provided three schemes (an ICT Advisor Scheme, an e-Process service and Management Information Systems (MIS) grants) which aimed to stimulate levels of eBusiness within NI's business community. On the basis that the three schemes were viewed to be complementary, addressed a definable market failure and there was evidence of ongoing need, Invest NI continued to deliver the schemes through its 'eBusiness Service'.

Whilst the content and delivery of the service has been refined over time, its objectives - centred on providing independent and impartial advice and financial support to businesses to encourage the integration of ICT and eBusiness solutions to increase their productivity and competitiveness - have remained broadly consistent.

The eBS is currently delivered free-of-charge by Invest NI's eBS team and is available to all Small and Medium sized Enterprises (SMEs), albeit the specific types of support that a businesses can avail of is dependent on whether they are an Invest NI Client or a SME within the wider business base. Furthermore, the nature and intensity of eBS support that is provided is tailored to the specific needs of the business in-line with their stage of development.

By way of delivering upon its strategic objectives, the eBS currently delivers the following types of support to eligible businesses:

- **ICT Advisory Service** - Export-focused SMEs (both Invest NI clients and the wider business base) are able to receive up to 2 half days of general or project specific eBusiness advice from an ICT Advisor at their business premises and/or over the telephone;
- **eBS Events** - The eBS Team delivers a variety of eBusiness focused events to SMEs (both Invest NI Clients and the wider business base). These events seek to increase business' understanding of the nature and benefits of eBusiness, as well as provide practical advice on how to integrate the advice within the business. On occasion, the events will be delivered in conjunction with a guest speaker with recognised eBusiness expertise;
- **eSolutions Centre Support** - Located within Invest NI's Belfast headquarters, the eSolutions Centre provides SMEs (both Invest NI Clients and the wider business base) with the opportunity to receive hands-on experience of new ICT hardware and software technologies and advice on how these can be integrated within the business to improve their competitiveness
- **MIS Grant Support** - Grant support is available to Invest NI Client businesses to support the investment in, and implementation of, management information systems. At present eligible businesses

are able to receive between £1.5k and £25k or a maximum of 40% of project costs (whichever is the lesser). Costs currently eligible for support include: MIS software license costs, installation/setup costs and training required for the project (delivered by an IT supplier only). All applications for MIS assistance are internally appraised and successful applications are required to drawdown all financial support within an 18-month period.

The eBS is delivered internally by Invest NI's eBusiness Team which consists of an eBusiness Manager, seven ICT Advisors (located across NI) and two administration staff.

### **Strategic Context and Rationale**

The approval for the delivery of the eBS was granted based upon the positive findings detailed within the 2009 Evaluation of the Service. This evaluation concluded the Service had (amongst other things) contributed to increasing the levels of ICT sophistication, productivity and competitiveness of NI's business base and had delivered VFM in respect of the investment that had been made in the Service.

Of specific relevance to the eBS, during the period under review, there was a strategic need for Government to provide support to NI businesses to stimulate levels of innovation, business growth and compete within the global economy.

### **Operation and Delivery**

The eBS is based around the delivery of tailored one-to-one and/or one-to-many advice and, where necessary, financial assistance to support businesses to embed/update their Management Information Systems. In doing so, the Service sought to increase businesses' awareness and confidence in using ICT and eBusiness, and ultimately their levels of ICT sophistication. The Service was managed and delivered internally within Invest NI (by the eBusiness Team) who drew upon external expertise (as part of the eBS events), as and when required.

A total of 5,222 unique businesses received support through the eBS during the period under review. The intensity of the support that was ultimately delivered was tailored to business' specific needs. For example, the analysis suggests that:

- There were 3,151 employee attendances from 1,761 unique businesses at 91 eBS events;
- 344 unique businesses visited the E-Solutions Centre on 387 occasions.
- 5,511 ICT Advisory interventions were delivered by Invest NI's ICT Advisors to 3,505 unique businesses;
- Invest NI made 1,509 offers of MIS grant assistance over the period to 1,248 unique businesses. The value of MIS grant offers totalled c. £13.9m which equated to circa one-third (34%) of total anticipated project costs (which were c. £41.3m). The mean MIS grant offered during the period was c. £9.2k, whilst the median was £6k. Just over two-thirds of grants offered (68% - N=1,509) were £10k or less;
- Total actual MIS grant drawdown to date is c. £7.9m, which was 57% of the total offer of assistance. The mean level of drawdown (to date) was c. £5.2k and the median was £2.7k. In the event that this outstanding grant is fully drawn down by these businesses the total level of drawdown would potentially be £9.97m. However, in the event that a similar historical level (66%) is drawn down, for those businesses still eligible to drawdown their respective MIS grants, indicates that the total MIS grant drawdown would potentially be £9.17m.

Businesses are, in main, highly satisfied with the support that was delivered through the eBS in terms of its structure, the quality of advice provided, the duration of support, as well as the levels of financial assistance that are currently available through the MIS Grant element of the Service.

Whilst the majority (50%+) of businesses indicated that they were satisfied with the support provided through the E-solutions Centre, relatively large proportions of businesses expressed dissatisfaction through this element of the Service. For example, more than one-fifth (20%+) of businesses indicated that they were dissatisfied or very dissatisfied with the quality and relevance of advice that was provided during the visit, the range of new technologies that were demonstrated, as well as their relevance to their business and opportunities to gain hands-on experience in using the technologies. Allied to this, based on its discussions with Invest NI, the Evaluation Team understand that E-solutions support was deemed to be, in general, less frequently required during the period under review as:

- ICT solutions became less niche and more commoditised; and
- Businesses' knowledge and awareness of the types of solutions available to them, as well as approaches to integrate these, significantly increased as a result of an increased availability of information in the public domain (especially from on online support forums, Nibusinessinfo.co.uk guidance and other sources of free information online); and
- Specific advice required by businesses was able to be delivered through the eBusiness events and as part of wider support being delivered through the ICT advisory element of the Service.

Given the reduction in demand for E-Solutions support, the ability to provide support through other elements of the Service and relatively lower levels of satisfaction with this element of the Service, it is the Evaluation Team's view that consideration should be given to the continued need for this element of the Service.

Reflecting the quality of the support received and subsequent impact that it made on recipients of support, the vast majority of businesses suggested that the support was effective in meeting their needs, would be willing to recommend this support to others and a significant proportion of businesses would be willing to pay for the support in the future (if they required similar support again).

Given the levels of demand for the eBS, business' high levels of satisfaction with the support and the positive contribution of the Service to the NI economy, the Evaluation Team would suggest that Invest NI's overall approach to risk management was robust and proportionate.

Based upon monitoring information provided by Invest NI, the actual full economic cost of delivering the eBS during the period under review was c. £27.1m, 44% (or £11.8m) of which were contributed by Invest NI, and the remainder (£15.3m) were provided by the private sector (as part of their respective MIS projects).

## **Performance and Impact**

Based on the feedback from businesses in receipt of support, the following key conclusions can be drawn with regards to the monetary and non-monetary economic impact made by the eBS during the period under review:

- Reflecting the high quality of the support that was provided through the eBS, the majority of businesses indicated that they had integrated the eBusiness advice, knowledge and expertise that they had gained through the Service;
- Levels of activity (65%) and impact (61%) additionality should be viewed positively (especially when benchmarked against other programmes/interventions) indicating that the eBS has played a strong role in encouraging business to engage in eBusiness development activities and subsequently realise benefits from the activities they have implemented;
- The analysis indicates that the majority of businesses would not have taken forward the eBusiness activities, or would have taken the activities forward to a different scale and/or timescale, due to full (7%) or partial market failure factors (53%), typically in the form of asymmetric information.

- The majority of businesses were in agreement that that the support provided through the eBS had provided them with (amongst other things) a greater awareness and understanding of the eBusiness tools that can be employed to enhance growth and competitiveness, as well as increasing their understanding of the benefits that can be derived from applying eBusiness into their day-to-day operations. Therefore, it is evident that the Service is actively contributing to addressing the market failures (i.e. asymmetric information) that have historically prevented NI businesses from engaging in these types of business development activities independently of support;
- Business reported deriving a range of outputs as a result of the activities they implemented following their engagement with the Service including: enhanced business processes/operations and management activities, strengthened relationships with customers and other businesses; increased business efficiencies and greater access to markets/customers;
- The eBS has directly contributed to leveraging £17.5m in private sector ICT investment. Whilst this further investment in ICT should not in itself be viewed as a Service related business outcome, it has played an important facilitating role in supporting businesses to increase their levels of ICT business sophistication and realise monetary and non-monetary business outcomes. Furthermore, it is the Evaluation Team's view that the aforementioned levels of further ICT investment provide a strong indication of the value that businesses see in the support delivered through the Service;
- Positively, given the overarching aims of the Service, the vast majority of businesses were in agreement that the support provided through the eBS has encouraged them to make greater usage of ICT and eBusiness to support their business processes and has increased their overall level of eBusiness and ICT sophistication;
- From a monetary perspective the analysis suggests that the eBS has directly:
  - Contributed £30m in net additional GVA to the NI economy;
  - Created 438 FTE jobs, 267 of which had salaries in excess of the private sector median; and
  - Safeguarded 1,266 FTE jobs.
- The feedback from businesses also indicates that the support has assisted them to realise a number of non-monetary benefits including (but not limited to) increasing levels of productivity and competitiveness and supporting business' survival;
- Levels of displacement have been calculated at 16% at both an NI and GB level;
- The majority of businesses suggested that they would not have been able to get similar support elsewhere. Based on its analysis, the Evaluation Team concludes that the risk of the eBS duplicating other similar initiatives was minimal during the period under review; and
- The eBS has contributed to providing the NI economy with a number of other wider and regional benefits including knowledge transfers, skills development and enhanced entrepreneurship.

### **Return-on-Investment and VFM**

Given the level of net additional GVA (i.e. c. £30m), the cost to Invest NI (£11.8m) and the full economic cost (£27.1m) of delivering the Service indicates that return on investment was:

- £1:£2.54 based on the costs to Invest NI; or
- £1:£1.11 when examined on a full economic cost basis

It is the Evaluation Team's view, based upon all available evidence, that the eBS delivered VFM in respect of the costs incurred, during the period under review.

## Recommendations

1. Given the reported positive impacts that the eBS has had on businesses and the wider NI economy, and evidence of continued need for support, Invest NI should continue to provide support through its eBS. In doing so, Invest NI should commission an independent economic appraisal for a future phase of the Service and ensure that all appropriate approvals are sought in a timely manner to ensure the continuity in the provision of support to NI's business base.
2. Given the reduction in demand for E-Solutions support, the ability to provide support through other elements of the Service and the relatively lower levels of satisfaction with this element of the Service, consideration should be given to the continued need for this element of the Service.
3. Greater emphasis should be placed upon establishing a more appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are more focused and linked with the overarching aims and anticipated outcomes of the Service.

The quantification of all targets should be based on the evidence from the current evaluation as well the levels of client-facing delivery time available within Invest NI's eBusiness team, bearing in mind their other activities, roles and responsibilities (e.g. time dedicated to CPD). Where possible, focus should be placed upon establishing the baseline position of each business prior to receiving eBS support. Invest NI should ensure that targets are set for the full duration of any future phase of the Service (rather than a given period, as was the case for certain targets that were established for the period under review).

4. Invest NI should ensure that Client businesses are being provided with appropriate wraparound support in order to improve the effectiveness and impact of the eBS support. In doing so, the needs of Client Businesses should be robustly explored at the 'diagnosis' stage of the interaction between the Client Business and its Client Executive. Where additional opportunities exist to enhance the wraparound support being provided to businesses, to enhance the eBS support being delivered, these should be highlighted to the business' Client Executive at the point of referral to the Service.
5. Consideration should be given to introducing a model for charging for the non-MIS elements of support available through the eBS as part of the Economic Appraisal of any future phase of the Service. In doing so the Appraisal should robustly examine the merits and demerits of introducing charging. Any model of charging that is adopted should fully align with any agreed corporate framework to minimise any operational and reputational risk.
6. Linked to Recommendation 5, on the basis that the market failure argument for supporting businesses on more than two occasions is likely to be weak, consideration should be given to:
  - Capping the number of occasions in which a business should be permitted to avail of eBS support and/or
  - Reducing the levels of financial contribution available to repeat MIS grant recipients; and/or
  - Increasing the contribution required by repeat users of the Service (if a model of charging is introduced).
7. By way of enhancing delivery, opportunities to deliver eBS support online to businesses through, for example, online ICT/eBusiness tutorials should be explored.
8. Whilst noting the Invest NI has placed effort to monitor information relating to the Service's inputs, activities, outputs and outcomes, this information should be collated more robustly in order to provide more effective Service management information and assist with future evaluation. In this regard, the Evaluation Team recommends that Invest NI reviews its procedures for monitoring and recording Service activity. All information monitored should be, at a minimum, intrinsically linked to the SMART objectives that are established for the Service.

9. Linked to Recommendation 8, Invest NI should categorise that nature of advice that is provided through the Service in order to better analyse the nature of demand (through the nature of RDS' being raised by CEs).
10. Given the advisory nature of the support delivered through the eBS, and the rapidly evolving nature of ICT, Invest NI should ensure that appropriate time and finance is available to support the CPD needs of its ICT Advisors.
11. By way of aiding post programme evaluation, Invest NI should ensure to evaluate the Service in a timelier manner.
12. Invest NI should review its procedures for marketing the Service to external stakeholders.
13. By way of minimising the duplication of support, opportunities to jointly deliver ICT and eBusiness orientated support should be explored.

## 1. INTRODUCTION AND BACKGROUND

### 1.1 Introduction

Invest Northern Ireland (Invest NI) has commissioned Cogent Management Consulting LLP ('Cogent' or the Evaluation Team) to undertake an independent evaluation of its eBusiness Service ('eBS'), covering the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2015.

The evaluation has been undertaken in line with national and regional requirements and is compliant with Central Government guidance including:

- "The Green Book: Appraisal and Evaluation in Central Government", HM Treasury 2003;
- "The Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE), Current Edition", Department of Finance and Personnel;
- "The Magenta Book: Guidance for Evaluation"; and
- Invest NI Economic Appraisal Methodology (EAM) guidance.

### 1.2 The eBusiness Service

#### 1.2.1 Background to the Development of the eBS

The origins of the eBS can be traced back to Invest NI's three legacy agencies (the Industrial Development Board (IDB), the Industrial Research and Technology Unit (IRTU) and the Local Enterprise Development Unit (LEDU)) which provided three schemes (an ICT Advisor Scheme, an e-Process service and Management Information Systems (MIS) grants) which aimed to stimulate levels of eBusiness within NI's business community<sup>1</sup>. On the basis that the three schemes were viewed to be complementary, addressed a definable market failure and there was evidence of ongoing need<sup>2</sup>, Invest NI continued to deliver the schemes through its 'eBusiness Service'.

Whilst the content and delivery of the service has been refined over time, its objectives - centred on providing independent and impartial advice and financial support to businesses to encourage the integration of ICT and eBusiness solutions to increase their productivity and competitiveness - have remained broadly consistent. The current aims of the Service are to:

- Provide impartial ICT advice to help SMEs make best use of ICT within their business to help them grow and export;
- Provide financial support where necessary to encourage Invest NI companies to invest in ICT to improve their competitiveness;
- Encourage and develop the sophistication of ICT within SME's in NI;
- Demonstrate the value of acquiring ICT knowledge from specialist external sources; and
- Develop transferable ICT skills within NI businesses.

#### 1.2.2 Model of Delivery

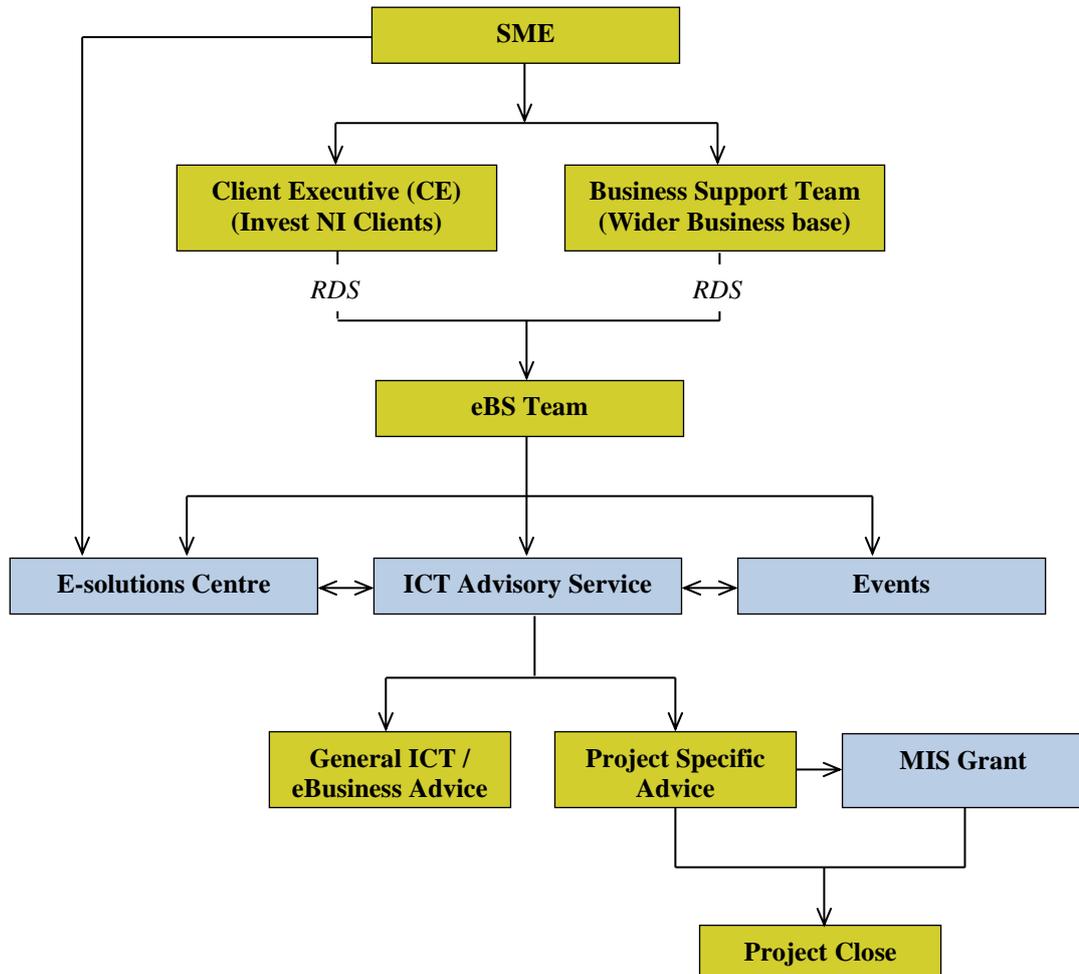
The eBS is currently delivered free-of-charge by Invest NI's eBS team and is available to all Small and Medium sized Enterprises (SMEs), albeit the specific types of support that a businesses can avail of is dependent on whether they are an Invest NI Client or a SME within the wider business base. Furthermore, the nature and intensity of eBS support that is provided is tailored to the specific needs of the business in-line with their stage of development.

Figure 1.1 provides a summary of the eBS model of delivery with further information provided in the succeeding paragraphs.

<sup>1</sup> The ICT Advisor Scheme commenced as a joint project between LEDU, ITRU and UK online. The e-Process service was initially an IDB intervention and the MIS grant intervention were initially introduced by LEDU.

<sup>2</sup> Source: Evaluation of E-Business Services to the Northern Ireland SME community, SQW, 2003

Figure 1.1: Overview of the eBS referral and delivery process



By way of delivering upon its strategic objectives, the eBS currently delivers the following types of support to eligible businesses:

- **ICT Advisory Service** - Export-focused SMEs (both Invest NI clients and the wider business base) are able to receive up to 2 half days of general or project specific eBusiness advice from an ICT Advisor at their business premises and/or over the telephone. Typically, business will be referred to the ICT Advisory Service by either:
  - their Client Executive (CE) (if they are an Invest NI Client), using the Invest NI Request for Development Services (RDS) system; or
  - Invest NI’s Business Support Team (if they are part of the wider business base) via Boosting Business RDSs.

Businesses referred to the ICT Advisory Service are required to undertake an ICT Advisory Assessment which is completed in conjunction with their ICT Advisor. The Assessment identifies the business’ eBusiness related needs, which may result in the provision of the following:

- General ICT advice (not specific to a project);
- Project specific advice;
- Project specific advice including project financial support (in the form of MIS Grant support, discussed below); or
- Signposting to other elements of the eBS (i.e. events and/or the e-Solutions centre).

Businesses in receipt of project specific advice and/or financial support are also required to complete an ICT sophistication report, identifying the business' ICT hardware and software, in advance of the implementation of the project.

Businesses in receipt of project-specific advice and financial support are required to complete an online Post Project Evaluation identifying the degree to which the project was successfully implemented, their satisfaction with the support that was provided by Invest NI and the impact of the project on the business (e.g. in terms of their capability, sales, costs and productivity).

- **eBS Events** - The eBS Team delivers a variety of eBusiness focused events to SMEs (both Invest NI Clients and the wider business base). These events seek to increase business' understanding of the nature and benefits of eBusiness, as well as provide practical advice on how to integrate the advice within the business. On occasion, the events will be delivered in conjunction with a guest speaker with recognised eBusiness expertise.

Whilst the content of the events are determined in response to emerging business need and ICT-related issues, common types of events that have been delivered have focused on e-marketplaces, online marketing and online selling.

- **eSolutions Centre Support** - Located within Invest NI's Belfast headquarters, the eSolutions Centre provides SMEs (both Invest NI Clients and the wider business base) with the opportunity to receive hands-on experience of new ICT hardware and software technologies and advice on how these can be integrated within the business to improve their competitiveness. Businesses are currently able to visit the eSolutions demonstration centre on a maximum of two occasions.

Business attendance at the Centre can result from signposting through the ICT Advisory Service or Invest NI's Business Support Team, or through an eBusiness event or the businesses direct contact with the Centre.

- **MIS Grant Support** - Grant support is available to Invest NI Client businesses to support the investment in, and implementation of, management information systems. At present eligible businesses are able to receive between £1.5k and £25k or a maximum of 40% of project costs (whichever is the lesser). Cost currently eligible for support include: MIS software license costs, installation/setup costs and training required for the project (delivered by an IT supplier<sup>3</sup>).

Businesses are able to avail of more than one MIS Grant, albeit the project is required to be different from the project previously supported. It is a prerequisite that all businesses receive (at a minimum) ICT Advisory support prior to the provision of MIS grant support, so that the Invest NI ICT Advisor can (amongst other things) challenge the need and rationale for the ICT investment project being proposed by the business and the reasonableness of the Invest NI contribution being requested. All applications for MIS assistance are internally appraised and successful applications are required to drawdown all financial support within an 18-month period.

The eBS is delivered internally by Invest NI's eBusiness Team which consists of an eBusiness Manager, seven ICT Advisors (located across NI) and two administration staff.

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<sup>3</sup> That is to say, Invest NI's eBS Team is not involved in providing the training to Client businesses.

### 1.3 Invest NI's Requirements

Invest NI requires an Evaluation of its eBS for the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2015. The overall evaluation objectives are to:

- Determine the extent to which the principal aims, objectives and targets of the eBS have been met;
- Determine the extent to which the intervention represents good Value For Money (VFM) and appropriate use of public funds; and
- Identify areas for eBS service/delivery improvement based on evaluation and customer feedback and make recommendations.

Further details of Invest NI's specific requirements are detailed in full within Appendix I.

### 1.4 Methodology

In conducting the evaluation, Cogent employed a methodology that included:

- A robust desk-based analysis of pertinent materials relating to the eBS during the period under review;
- Telephone and face-to-face consultations with:
  - The Evaluation Steering Group that was established for the evaluation. This included representation from Invest NI's eBS and Economics Team;
  - Members of the Invest NI eBS Delivery Team / ICT Advisors (N=8);
  - Invest NI Client Executives that have referred an Invest NI Client to the eBS (N=15);
  - Managers of similar programmes elsewhere (N=4)<sup>4</sup>;
  - Other strategic stakeholders including Federation of Small Businesses (FSB), Institute of Directors (IoD), NI Chamber of Commerce (CoC)
- A telephone survey with 279 businesses that received, at a minimum, a MIS Grant offer;
- A telephone survey with 26 businesses that received E-Solutions only support<sup>5</sup>;
- Distribution of an online survey to all recipients of ICT Advisory Support (non-MIS recipients), E-solutions support and who attended a eBS Event;

Table 1.1 provides a summary of the feedback derived through the primary research, including all associated response rates and confidence intervals.

<b>Table 1.3: Response to individual support types</b>				
<b>eBS intervention</b>	<b>Unique businesses receiving support</b>	<b>Business Responses</b>	<b>Business Response rate</b>	<b>Business Confidence Interval</b>
Events	1,761	142	8.1%	+/- 7.9%
E-solutions	344	46	13.4%	+/- 13.5%
ICT Advisory Service	3,505	396	11.3%	+/- 4.6%
MIS Grants	1,248	279	22.4%	+/- 5.2%
<b>All interventions</b>	<b>5,222</b>	<b>570</b>	<b>11%</b>	<b>+/- 3.87%</b>

Table 1.2 provides a summary of the eBS support received by each of the businesses that engaged in the primary research:

<sup>4</sup> A summary of the consultee participating in the research process is provided in Appendix II.

<sup>5</sup> These consultations were undertaken by the Evaluation Team to maximise response rates following the distribution of the online survey.

<b>Table 1.2 Support received by businesses engaged in the primary research</b>	
<b>Nature of support availed of</b>	<b>Unique businesses in receipt of support</b>
Events support only	129
Events, ICT Advisory & MIS support	13
e-Solutions support only	43
e-Solutions, ICT Advisory & MIS support	3
ICT Advisory Only	119
ICT Advisory and MIS	261
MIS Only <sup>6</sup>	2
<b>Total</b>	<b>570</b>

<sup>6</sup> These businesses were provided with ICT Advisory Support before April 2009 i.e. pre the period under review.

## 2. STRATEGIC CONTEXT & RATIONALE

### 2.1 Introduction

Section 2 provides a high-level summary of the rationale that was approved for supporting the eBS during the period under review, as well reviewing the strategic context in which the Service operated.

### 2.2 Service Approval

The Evaluation Team understands that approval for the delivery of the eBS was granted based upon the positive findings detailed within the 2009 Evaluation of the Service (which covered the period 1<sup>st</sup> April 2003 to 31st March 2008<sup>7</sup>). Whilst an Economic Appraisal or Casework was not completed for the Service for the period under review<sup>8</sup>, the Evaluation Team understands that an annual eBS budget was requested by the Innovation and Technology Solutions.

### 2.3 Service Rationale

On the basis that the previous Evaluation of the eBS was used to justify the continued need for eBS support to be delivered to NI's business base, and in the absence of an Economic Appraisal which would have identified the strategic and market need for the Service, the Evaluation Team has provided a high level summary of the key findings of the 2009 Evaluation below<sup>9</sup>:

- Client businesses had expressed a high level of satisfaction with the support that had been delivered through the Service. For example:
  - 85% of respondents felt that their objectives had been either fully or partially achieved as a result of the eBusiness Service;
  - All respondents (100%) that had availed of the ICT Advisory Service and/or eSolutions support indicated that they were either 'very satisfied' or 'satisfied' with the support they had received;
- The Evaluation concluded that the Service had been managed effectively and model of delivery was fit for purpose;
- There was continuing evidence of strategic and market need for the Service;
- Over the period of the evaluation the eBusiness Service was viewed to have exceeded all of the stated objectives on an annual basis
- The level of Service additionality was calculated at 54.5%;
- There was limited evidence of displacement;
- 24% of respondents stated that the eBusiness service had made a positive economic impact on their business. The total gross value of the economic impact of the sample of businesses surveyed (N=12) was estimated to be £1,629,500. Excluding a major outlier the average economic impact per company was estimated to be £54,045;
- The Service was viewed as being instrumental in contributing to increasing sophistication of ICT within SME's in Northern Ireland. For example, business in receipt of ICT Advisory and eSolutions support stated their level of ICT Sophistication had increased by 21%, whilst eProcess and MIS Grant clients stated that it had increased by 40%;
- The Service contributed to a number of key NI strategic imperative that existed at that time including the NI Programmes for Government (2002-), DETI and Invest NI's Corporate Plans and the Economic Vision for Northern Ireland (Feb 2005);
- The overall conclusion of the Evaluation was that *"the eBusiness Service has made a valuable contribution to client businesses and has not only improved the knowledge of eBusiness / ICT amongst client companies, but has also helped them operate more competitively by introducing eBusiness / ICT quicker than they otherwise would have done"*.
- Overall, it was concluded that the eBusiness service had provided value for money.

<sup>7</sup> Evaluation undertaken by Full Circle Management Solutions.

<sup>8</sup> The last Economic Appraisal of the Service was completed in February 2004.

<sup>9</sup> See the 'Evaluation of the eBusiness Service' (2009), Full Circle Management Solutions.

On the basis of the above, the 2009 evaluation made the following recommendation: *“The evaluation findings support the rationale for the eBusiness Service and it is recommended that Invest NI continues to provide funding support to client companies under the four core elements of the Service”*.

It was on this basis that Invest NI continued to provide support through the eBS during the period under review.

## 2.4 Strategic Context

Subsection 2.4 provides a succinct overview of the strategic context in which the eBS operated during the period under review. In doing so, the subsection considers (amongst other things) the ‘fit’ of the Service with the DETI and Invest NI Corporate Plans that operated.

### 2.4.1 Europe 2020 - A Strategy for Smart, Sustainable and Inclusive Growth – The Digital Agenda

The Digital Agenda presented by the European Commission (EC) forms one of the seven pillars of the Europe 2020 Strategy which sets objectives for the growth of the European Union (EU) by 2020. The Digital Agenda proposes to better exploit the potential of Information and Communication Technologies (ICTs) in order to foster innovation, economic growth and progress.

### 2.4.2 UK Information Economy Strategy (June 2013)

As part of the UK Information Economy Strategy, the UK Government outlines its *“shared vision is for a thriving UK information economy, enhancing our national competitiveness”* with (amongst other things):

- UK businesses and organisations, especially small and medium enterprises (SMEs), confidently using technology, able to trade online, seizing technological opportunities and increasing revenues in domestic and international markets; and
- Citizens with the capability and confidence to make the most of the digital age.

The Strategy stresses the need for businesses to grasp the opportunities provided by ICT and online trading to stimulate their long-term productivity, competitiveness and growth.

### 2.4.3 NI Programmes for Government (2008-2011)

The Programme for Government (PfG) 2008-2011 set out the NI Executive’s over-arching aim *“to build a peaceful, fair and prosperous society”*.

Under its ‘Growing a Dynamic Innovative Economy’ Priority (the top priority over the lifetime of the PfG), the Government acknowledged the need to address the structural weaknesses in our economy and focus on growing the private sector (including small and medium indigenous enterprises) by stimulating productivity and competitiveness.

The PFG provides a framework of 23 Public Service Agreements (PSAs) which confirm the key actions that the Executive will take in support of the priorities, and the outcomes and targets that it seeks to achieve over the three year period. Of particular relevance to the eBS, PSA 1 ‘Productivity Growth’ established NI Government’s commitment to ‘Improve Northern Ireland’s Manufacturing and Private Services Productivity’.

#### 2.4.5 DETI Corporate Plan (2008-2011)

Reflecting the strategic imperatives identified within the 2008-2011 PfG, DETI's 2008-2011 Corporate Plan, the NI Government reiterated its commitment to “*grow a dynamic, innovative economy*” by (amongst other things) improving manufacturing and private services productivity (PSA 1: Productivity Growth). Of relevance to the eBS, the Plan identified a number of key objectives which included the need to promote a competitive and outward looking economy and support high quality investment amongst locally owned businesses.

#### 2.4.6 NI Economic Strategy - Priorities for Sustainable Growth and Prosperity

Within its Economic Strategy, the NI Executive has established an overarching goal to improve the economic competitiveness of the Northern Ireland economy. In order to achieve this, the Executive is committed to strengthening our competitiveness through a focus on export led economic growth. This means prioritising the need to deepen and diversify our export base in order to increase employment and wealth across Northern Ireland. The key drivers of this are considered to be innovation, R&D and the skills of our workforce.

The Executive's strategic framework for growth shows that the path that has been chosen to economic competitiveness is to increase employment and wealth by building a larger and more export-driven private sector. As noted within the PfG 2011-2015, the Executive's key economic priorities are aimed at *rebalancing* the economy to improve the wealth, employment and living standards of everyone in NI. Alongside this, the Executive is taking a number of immediate and complementary actions aimed at *rebuilding* the economy to address the impact of the global economic downturn, particularly on employment.

In order to rebalance our economy by growing the private sector, the Economic Strategy outlines that the Executive will focus on providing support that increases private sector productivity and ultimately contribute to export-led economic growth. The Strategy suggests that this must include (amongst other things, but which have specific relevance to the eBS):

- Encouraging business growth and increase the potential of our local companies;
- Increasing the level of exports and external sales as a proportion of NI output; and
- Improving NI's economic competitiveness.

#### 2.4.7 DETI Corporate Plans (2011-15)

DETI's current Corporate Plan places focus on creating wealth and employment through a focus on export-led economic growth. On reflection of this, the Department's goal over the life of the Plan is to “*promote the growth of a competitive and export led economy*”. Over the period of the Corporate Plan, economic priorities and key performance indicators for DETI and its NDPBs will include:

- Helping Northern Ireland businesses compete in the global economy; and
- Encouraging business growth.

#### 2.4.8 Invest NI Corporate Plans (2011-15)

Invest NI's 2011-2015 Corporate Plan sets out the role Invest NI will play to support wealth creation in Northern Ireland as an enabler and catalyst to grow innovation, exports, productivity and employment throughout the business base, resulting in increased living standards for all. Specifically, the Plan suggests that this will be achieved by focusing on a number of drivers of economic growth. Of particular relevance to the eBS, this includes:

- **Stimulating innovation, R&D and creativity** - Invest NI's Corporate Plan highlights the importance of R&D&I in driving business, productivity and economic growth. As such, the Plan indicates Invest NI's intention to *“support 600 e-business projects to assist SMEs to increase innovation and productivity through the implementation of appropriate ICT”*.
- **Competing in the global economy** – The Plan states that Invest NI enable Northern Ireland to compete in the global economy by (amongst other things) helping our businesses to maximise their export sales. This will include supporting businesses to develop key international sales and marketing skills and to upgrading their ICT in order to grow export sales.
- **Encouraging Business Growth** – By way of increasing productivity and profitability amongst NI businesses, the Plan indicates that it will support ambitious entrepreneurs to accelerate growth, encourage higher levels of investment in local business formation and help eliminate the real and perceived barriers to growth.

## 2.5 Summary Conclusions

The approval for the delivery of the eBS was granted based upon the positive findings detailed within the 2009 Evaluation of the Service. This evaluation concluded the Service had (amongst other things) contributed to increasing the levels of ICT sophistication, productivity and competitiveness of NI's business base and had delivered VFM in respect of the investment that had been made in the Service.

Of specific relevance to the eBS, during the period under review, there was a strategic need for Government to provide support to NI businesses to stimulate levels of innovation, business growth and compete within the global economy.

Please note that the Evaluation Team's analysis of the degree to which there continues to be a need for Government intervention (including the nature and extent of market failure that currently exists) can be found in Sections 5 and 9.

### 3. PROGRAMME ACTIVITY

#### 3.1 Introduction

Section 3 provides a summary of the activity that was supported through the eBS during the period under review<sup>10</sup>.

#### 3.2 Programme Monitoring

All information presented is based upon monitoring information provided by Invest NI during the Evaluation process. It should be noted that during the primary research phase, 35 businesses indicated that they did not receive or could not recall receiving ICT Advisory Support and/or attending Invest NI's E-Solutions Centre or an eBS event<sup>11</sup>.

Based upon the feedback from businesses, the Evaluation Team suggests that this is likely to reflect, in the majority of cases, the lengthy time period (potentially up to 6 years) between these businesses receiving support and subsequently being surveyed as part of the Evaluation process<sup>12</sup>. In a smaller number of cases, the findings may reflect the fact that monitoring information has been inadvertently recorded incorrectly<sup>13</sup>.

Furthermore, the Evaluation Team's review of monitoring information retained by Invest NI suggests that whilst the eBS Team has placed effort to monitor information relating to the Service's inputs, activities, outputs and outcomes, this information could be collated more robustly in order to provide more effective Service management information and assist with future evaluation<sup>14</sup>.

In this regard, the Evaluation Team recommends that Invest NI reviews its procedures for monitoring and recording Service activity and ensures to evaluate the Service in a timelier manner. Specific types of information that should be monitored, in relation to the Service's inputs, activities, outputs and outcomes, is provided in Section 6.3.

#### 3.3 Service Marketing and Demand

Discussions with Invest NI indicate that demand for the Service was primarily generated as a result of internal Requests for Development Services' (RDS') being raised by Invest NI's Client Executives (CEs) and Business Advisers (BAs) based on perceived Client need. A total of 5,171 RDSs were raised during the period under review by 161 CEs and BAs. Consultation with Invest NI indicates that all client-facing CE and BAs referred at least one Client business to the Service during the period under review. The largest number of RDS' (1,065 or 21% of total RDSs) were raised for Clients operating within the 'business services' sector. As noted in Table 3.1, monitoring information provided by Invest NI indicates that the distribution of RDS' that were raised was broadly reflective of the make-up and distribution of its Client businesses (as at September 2015).

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<sup>10</sup> The Section also provides a number of key conclusions in relation to the activity delivered, as well as recommendations for improvement.

<sup>11</sup> A number of these businesses (N=9) also received MIS grant support.

<sup>12</sup> Indeed, as discussed later in this Evaluation Report, a number of businesses were unable to quantify the impact of the support on their business due to lengthy time period since they have received support.

<sup>13</sup> For example, businesses being recorded as having attended an event when they had only registered for the event (and subsequently did not attend it (per the feedback received during the primary research).

<sup>14</sup> This is best illustrated by the differences in the profile of activity documented in Section 3 of this Evaluation Report and the profile of activity identified within Terms of Reference (specifically relating to the support provided through the ICT Advisory Service element of the Service). Other issues encountered by the Evaluation Team included duplicate businesses being included in unique-level summary databases and business being listed on multiple occasions but under different variations (e.g. the business being listed under the business name and separately under the business' owners name).

Table 3.1: Detailed Sectoral profile of RDSs raised				
Sector	Invest NI Client base		eBS RDSs raised	
	No. of businesses	% of businesses	RDS total	RDS %
Business Services	589	21%	1065	21%
Construction Products	261	9%	605	12%
Food	232	8%	413	8%
Engineering	209	8%	388	8%
General Manufacturing	189	7%	362	7%
Creative	194	7%	327	6%
Tourism	80	3%	260	5%
Electrical & Electronics	95	3%	187	4%
Computer Software & Services	162	6%	169	3%
Clothing	60	2%	161	3%
Life Sciences	119	4%	158	3%
Other	579	21%	1076 <sup>15</sup>	21%
<b>Grand Total</b>	<b>2,769</b>	<b>100%</b>	<b>5,171</b>	<b>100%</b>

The Evaluation Team understands that a number of internal information workshops/sessions were delivered across the organisation (including the Invest NI Regional Offices) by the eBS Team to raise awareness of the Service and stimulate RDSs.

In addition to the internal awareness raising activities, Invest NI promoted the Service through its website ([www.investni.com](http://www.investni.com)), promotional E-zines/newsletters and other business information websites (e.g. NIBusinessInfo). The Service's eBusiness events (discussed below) were also used to raise awareness amongst businesses of the more intensive forms of support (i.e. ICT Advisory support and MIS grant support) that were potentially available to eligible businesses.

### 3.4 Business Support Delivered

#### 3.4.1 Overview of business support provided

Between April 2009 and March 2015 a total of 5,222 businesses received support through the e-Business Service. As noted in Section 1, the nature of support that was delivered to each business was specifically tailored based upon an assessment of their individual needs. Tables 3.2 and 3.3 provide a summary of the support provided to each business with further detail provided in the succeeding subsections.

Table 3.2: Overview of business support provided		
Nature of support availed of	No. of unique businesses	% of businesses
ICT Advisory Only	2,130	40.8%
Events support only	1,440	27.6%
ICT Advisory and MIS	1,009	19.3%
e-Solutions support only	200	3.8%
Events, ICT Advisory & MIS support	158	3.0%
Events & ICT advisory support	98	1.9%
e-Solutions & ICT Advisory support	59	1.1%
MIS Only	40	0.8%
Events & e-Solutions support	34	0.7%
e-Solutions, ICT Advisory & MIS support	23	0.4%
Events, e-Solutions, ICT Advisory & MIS support	15	0.3%
Events, e-Solutions & ICT Advisory support	13	0.2%
Events & MIS support	3	0.1%
<b>Total</b>	<b>5,222</b>	<b>100%</b>

<sup>15</sup> The following 15 sectors are included within the 'other' category: Furniture (N=122), Printing (N=120), Materials Handling/Quarry Plant (N=109), Transport (N=92), Software (N=81), Drink (N=57), Horticulture (N=47), Packaging (N=40), Renewable Energy Products (N=39), Primary Textiles (N=30), Financial Services (N=26), Giftware (N=25), Telecoms (N=18), Building Materials (N=13), Other Energy Products (N=6). The categories of a further 251 RDS<sup>15</sup> were not set in CCMS.

<b>Table 3.3: Levels of repeat usage</b>			
<b>Number of interventions</b>	<b>Number of businesses</b>	<b>% of businesses receiving the number of interventions</b>	<b>Business interventions</b>
1	2,847	55%	2,847
2	1,149	22%	2,298
3	522	10%	1,566
4	330	6%	1,320
5+	374	7%	2,527
<b>Total</b>	<b>5,222</b>	<b>100%</b>	<b>10,558</b>

### 3.4.2 eBusiness Events

During the period under review, 1,761 unique businesses attended 91 events. These events were delivered across Northern Ireland with the support of a number of guest speakers<sup>16</sup> and covered a range of topics including selling through online and international marketplaces, search engine optimisation, pay per click advertising, mobile commerce, selling through social networks etc. During 2011/12, Invest NI also delivered an ICT conference which was attended by 320 businesses. This conference focused on supporting businesses to increase online sales and included guest speakers from a number of businesses with a strong online presence including Google, Facebook, Autoglass, and Love Film.

The number of attendees at each event remained strong across the period, with an average of 31 attendees (excluding the ICT conference) taking part in each event.

<b>Table 3.4: eBS events delivered</b>				
<b>Year</b>	<b>No. of events</b>	<b>Businesses/individual attendances</b>	<b>% of businesses</b>	<b>Average attendances (excluding the ICT conference)</b>
2009/10	26	467	14.8%	18
2010/11	21	378	12.0%	18
2011/12	2	359	11.4%	39
2012/13	18	634	20.1%	35
2013/14	12	740	23.5%	62
2014/15	12	573	18.2%	48
<b>Total</b>	<b>91</b>	<b>3,151</b>	<b>100%</b>	<b>31</b>

<b>Table 3.5: Levels of repeat attendances</b>	
<b>No. of events</b>	<b>No. of businesses</b>
1	1,136
2	345
3	115
4	79
5+	86
<b>Total</b>	<b>1,761</b>

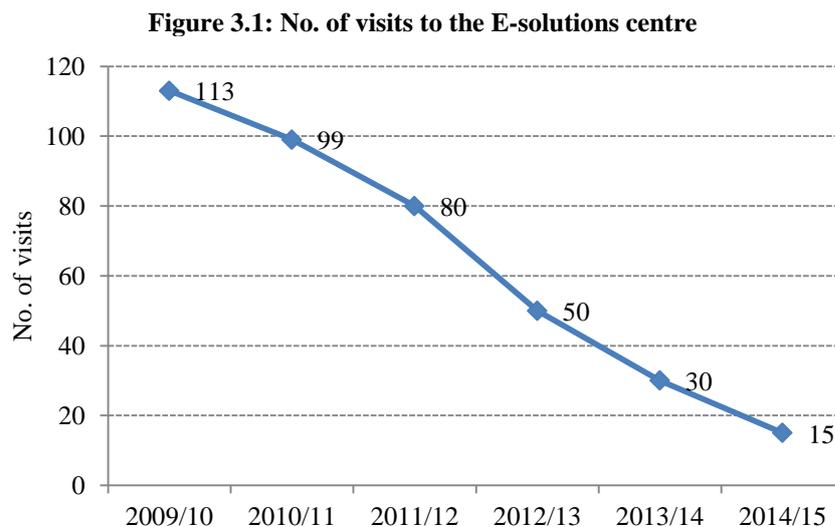
### 3.4.3 Visits to the E-solutions Centre

During the period under review, 344 unique businesses visited the E-Solutions Centre on 387 occasions. A relatively small minority of businesses (c. 10%) visited the Centre on two or more occasions (Table 3.6).

<sup>16</sup> For example Dan Wilson delivered a number on online e-Commerce events focusing on the use of Amazon and eBay.

Table 3.6: Levels of repeat usage of the E-solutions Centre		
No. of visits	No. of businesses	% of businesses
1	309	89.8%
2	28	8.2%
3	6	1.7%
4	1	0.3%
<b>Total</b>	<b>344</b>	<b>100%</b>

As illustrated in Figure 3.1, the annual number of visits to the Centre significantly decreased year-on-year, with 87% fewer visits being undertaken by businesses during 2014/15 compared to 2009/10.



Consultation with Invest NI indicates that, during the period under review, E-solutions support was deemed to be, in general, less frequently required as:

- ICT solutions became less niche and more commoditised; and
- Businesses' knowledge and awareness of the types of solutions available to them, as well as approaches to integrate these, significantly increased as a result of an increased availability of information in the public domain (especially from online support forums, Nibusinessinfo.co.uk guidance and other sources of free information online).

It was also noted that specific advice required by businesses was able to be delivered through the eBusiness events and as part of wider support being delivered through the ICT advisory element of the Service.

Reflecting the reduction in demand for E-Solutions support, and the ability to provide support through other elements of the Service, coupled with the increase in demand for ICT Advisory support as a result of the introduction of the Boosting Business campaign (discussed further below), a decision was taken to gradually reduce the eBS' staff time commitment to this element of the Service and redirect it to delivering additional ICT advisory support<sup>17</sup>.

Moving forward, based on the aforementioned factors, the majority of the eBS Team indicated that there was potentially no longer a need for Invest NI to continue providing support through its E-Solutions Centre.

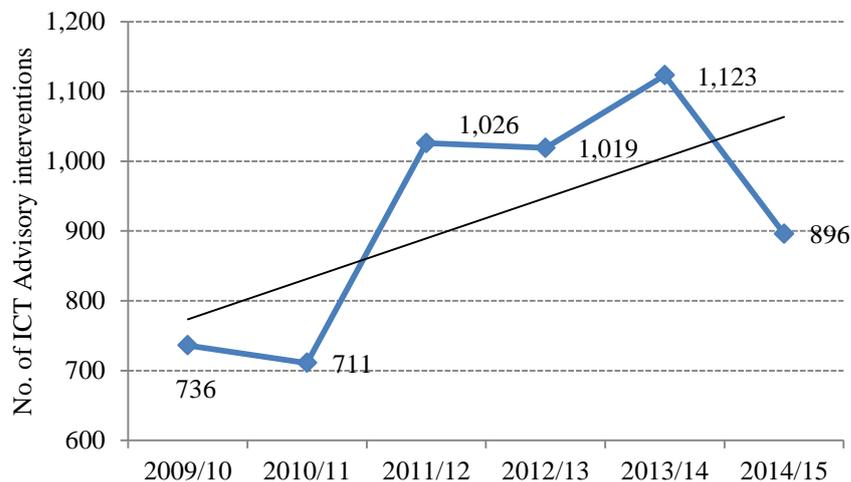
<sup>17</sup> The Evaluation Team also understands that, due to the reduced need for this element of the Service, an area of the Business Information Centre that had been allocated to deliver E-solutions support was offered to the European Information Centre.

### 3.4.5 ICT Advisory Support

During the period under review, 5,511 ICT Advisory interventions were delivered to 3,505 unique businesses. Consultation with Invest NI indicates that c. 80% of ICT Advisory interventions were delivered on the participating business premises and the remainder were completed by telephone. Table 3.7 and Figure 3.2 provide a summary of the ICT Advisory support delivered through the Service with further analysis provided thereafter.

Table 3.7: Levels of repeat usage of ICT Advisory support		
No. of ICT Advisory interventions	No. of businesses	% of businesses
1	2,247	64.1%
2	769	21.9%
3	315	9.0%
4	118	3.4%
5+	56	1.6%
<b>Total</b>	<b>3,505</b>	<b>100%</b>

Figure 3.2: No. of ICT Advisory interventions delivered



Salient points to note include:

- Consultation with Invest NI indicates that whilst, it does not currently categorise the types of advice that is provided through the ICT Advisory Service, a diverse range of advice was provided to businesses depending on their respective need. Common types of advice that were provided during the period under review included:

• E-commerce platforms	• Computer Aided Manufacturing (CAM)
• Online marketing advice	• Enterprise Resource Planning (ERP) systems
• Customer Relationship Management (CRM)	• Manufacturing systems
• Accounts	• Document management systems
• IT hardware	• Stock control
• E-security	• Sector / industry specific software (e.g. Property management solutions for hotels)
• Computer Aided Design (CAD)	

Moving forward, Invest NI has indicated its intention to categorise that nature of advice that is provided through the Service in order to better analyse the nature of demand (through the nature of RDS' being raised by CEs).

As noted, it is a prerequisite for businesses to be provided with ICT Advisory Support prior to the provision of MIS grant support. Consultation with Invest NI indicates that in advance of providing ICT advisory support, the business' CE will initially indicate to the ICT Advisor if MIS funding is an option based on its knowledge of the business' (including its accounts/business plan and its associated assessment of the potential levels of additionality that would be attributed to providing financial support). The Advisory support enables the ICT Advisor to discuss the technical requirements of the company in order to identify potential ICT solutions/options. If funding is applicable and the business' Client Executive has indicated that the business is supportable, the ICT Advisor will initiate the MIS application process.

- Whilst more than four-fifths of businesses received ICT advisory support on up to 2 occasions, it is noted that a significant number of businesses (N=489) received support on three or more occasions. It is the Evaluation Team's view that the market failure argument (principally relating to asymmetric information) for supporting businesses on more than two occasions is weak on the basis that businesses are likely to have a greater understanding of the benefits of both engaging in activities that develop their levels of ICT sophistication and/or engaging with specialist providers of ICT support. As such, consideration should be given to capping the number of occasions in which a business should be permitted to avail of ICT advisory support and/or introducing a model of charging for repeat usage of the Service. This would potentially enable Invest NI to redirect resources to supporting a larger number of businesses. The potential to cap business usage of the Service and/or introduce a model of charging for repeat usage should be fully considered as part of the Economic Appraisal for any future phase of the Service.
- In general, the number of ICT Advisory interventions supported by Invest NI increased across the period under review, with the average number of interventions delivered in any one year being 919. Discussions with Invest NI indicate that the sharp increase in ICT Advisory support being delivered after 2010/11 was due to introduction of the Boosting Business campaign which stimulated significant levels of demand from the new account managed businesses recruited from the wider business base as part of the campaign. The Evaluation Team understands that the campaign also drove a marginal increase in enquiries for ICT advisory support from existing account managed businesses. As noted, given the increased demand for ICT Advisory support and the reduction in demand for E-solutions support, Invest NI redirected a proportion of its staff complement away from the E-solution centre to support the delivery of the ICT Advisory service. Levels of demand broadly returned to historic levels in 2014/15 with the end of the Boosting Business campaign.

### 3.4.6 MIS Grant Support

As noted in Section 1, grant support is available to Invest NI Client businesses to support the investment in, and implementation of, management information systems. During the period under review there were a number of changes made to the levels of support that were available to businesses and the nature of costs eligible for support. Table 3.8 provides a summary of the key changes to MIS support during the period under review.

Table 3.8: Changes in MIS Grant support available			
Date	Max. % grant contribution	Max. £ grant contribution	Eligible costs
April 2009 - Dec 2013	Up to 30% (Investment) 50%(Consultancy)	£1.5 - £25k	Software licensing <sup>18</sup> , Server hardware Installation/setup and training required for the project (delivered by IT supplier only)
Jan 2014	Up to 45% Investment	£1.5 - £25k	Software licensing, Installation/setup and training required for the project (delivered by IT supplier only)
June 2014	Up to 40% Investment	£1.5 - £25k	Software licensing, Installation/setup and training required for the project (delivered by IT supplier only)

<sup>18</sup> Please note that support is only available for one-off software licensing costs. That is to say software upgrade costs and/or revenue costs associated with software subscription costs are not eligible for support.

Consultation with Invest NI indicates that:

- Between 2007-Dec 2013 the State Aid cover for MIS was delivered via the SME General Block Exemption Regulations (GBER) which permitted a consultancy grant rate of up to 50% but restricted the grant rate to a maximum of 30%. Considering the typical MIS project, the chargeable time of the IT supplier implementers and customising the IT system could be classified as consultancy, Invest NI chose to fund this type of activity up to the maximum permissible grant rate (i.e. 50%). Software licensing and hardware costs were considered to be investment.
- In January 2014 the new GBER regulations restricted the permissible investment grant to less than 15%. It was Invest NI's view that this would have significantly undermined the financial incentive effect of the MIS grant. As a result, the decision was taken to utilise De Minimis State Aid cover instead of GBER in order to provide more flexibility over the maximum grant rate. The Evaluation Team understands that whilst De Minimis added an additional level of administrative complexity (by requiring clients to notify Invest NI of any other De Minimis aid to ensure they did not exceed the €200,000 cumulative aid limit of De Minimis) it allowed Invest NI to maintain a similar overall level of contribution to the majority of projects. In addition, Invest NI indicated that the application of the same grant rate to all eligible expenditure significantly simplified the claims process.

At the same time, on the basis that Invest NI was under budget pressure as a result of an increased number of viable projects, a decision was taken to remove server costs as an eligible cost in a bid to reduce the overall Invest NI contribution to the project costs, rather than having to reduce the grant rate below 40%. However, as a transitional measure, Invest NI retained the grant rate at 45% for 6 months to reduce the impact of this for businesses that the Service had already started engaging with to develop an MIS project. By June 2014 all MIS projects were funded at a maximum of 40% up to a maximum of £25k.

Tables 3.9 and 3.10 provide a summary of the MIS Grant support offered to Invest NI Client businesses during the period under review, with further commentary and analysis thereafter.

<b>Table 3.9: Overview of MIS grant offers and drawdown (to date)</b>					
<b>Financial Year</b>	<b>No. of MIS grants offered</b>	<b>Value of total project costs</b>	<b>Value of MIS grants offered</b>	<b>MIS offer as % of total project costs</b>	<b>Drawn Down (to date)</b>
2009/10	224	£7,204,742	£2,438,670	34%	£462,000
2010/11	181	£5,237,118	£1,622,602	31%	£1,167,000
2011/12	224	£6,019,258	£1,924,743	32%	£1,142,000
2012/13	305	£7,542,307	£2,712,742	36%	£1,467,000
2013/14	313	£8,155,273	£2,819,348	35%	£1,710,000
2014/15	262	£7,103,947	£2,370,485	33%	£1,904,000
<b>Total</b>	<b>1,509</b>	<b>£41,262,645</b>	<b>£13,888,590</b>	<b>34%</b>	<b>£7,852,000</b>

<b>Table 3.10: Repeat Offers of MIS grant assistance</b>		
<b>No. of MIS grants offered</b>	<b>No. of businesses</b>	<b>% of businesses</b>
1	1,029	82.5%
2	180	14.4%
3	36	2.9%
4	3	0.2%
<b>Total</b>	<b>1,248</b>	<b>100%</b>

Salient points to note include:

- Invest NI made 1,509 offers of MIS grant assistance over the period to 1,248 unique businesses;
- 88% (N=1,509) of grant offers were made to micro and small-sized enterprises, whilst the remainder (12% - N=1,509) were offered the medium sized enterprises<sup>19</sup>;

Business Size	No. of MIS grants offered		Value of MIS grant provided	
	No.	%	£	%
Micro (<10 employees)	742	49%	£4,759,618	34%
Small (11-50 employees)	586	39%	£6,107,608	44%
Medium (51 and 250 employees)	181	12%	£3,021,364	22%
<b>Total</b>	<b>1,509</b>	<b>100%</b>	<b>£13,888,590</b>	<b>100%</b>

- The value of MIS grant offers totalled c. £13.9m which equated to circa one-third (34%) of total anticipated project costs (which were c. £41.3m). The mean MIS grant offered during the period was c. £9.2k<sup>20</sup>, whilst the median was £6k. Just over two-thirds of grants offered (68% - N=1,509) were £10k or less.

Level of MIS Grant	No. of grants offered	% of all grants offered
<£1,500	2	0.1%
£1,500 - £5,000	655	43.4%
£5,001-£10,000	376	24.9%
£10,001-£15,000	164	10.9%
£15,001-20,000	121	8.0%
£20,000+	191	12.7%
<b>Total</b>	<b>1,509</b>	<b>100%</b>

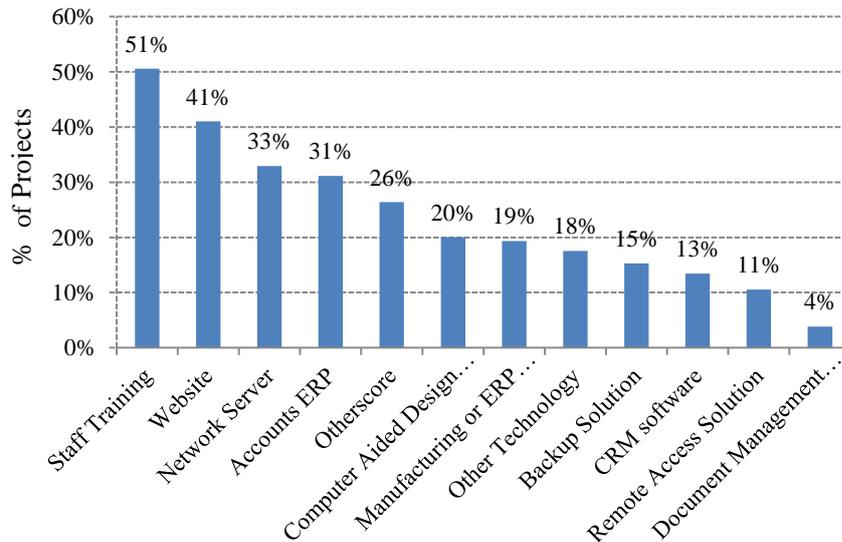
	Total	Range	Mean	Median
<b>Total project costs</b>	£41,262,645	£3k - £202k	£27,344	£16,442
<b>MIS Grant offered</b>	£13,888,590	£1.4k - £50k	£9,207	£6,000

- Key costs which businesses were offered MIS grant support towards included staff training (51% of all projects), creation of an e-Commerce website (41%), purchase and installation of a network server (33%) and accounts enterprise resource planning software (31%).

<sup>19</sup> A small company is defined as one that does not have a turnover of more than £6.5million, a balance sheet total of more than £3.26 million and not more than 50 employees. A medium-sized company is one with between 51 and 250 employees and a turnover of under £12.9 million.

<sup>20</sup> There was little variation in the average MIS grant offered (£8,593 - £10,887) across the financial years of the period under review.

Figure 3.3: Type of MIS grant support offered (N=1,509)



- Just under one-fifth (18% - N=1,248) of businesses received more than 1 offer of MIS grant assistance. As noted, on the basis that the market failure for providing MIS grant support is likely to diminish following the provision of the initial grant, consideration should be given to capping the number of times that business can avail of the support and/or introduce reduced levels of assistance for repeat users;
- Total actual MIS grant drawdown to date is c. £7.9m, which was 57% of the total offer of assistance. The mean level of drawdown (to date) was c. £5.2k and the median was £2.7k.

Table 3.14 Range, mean and median MIS grant drawn down (to date)			
Total	Range	Mean	Median
£7,852,000	£78 - £50k	£5,220	£2,705

- 429 unique businesses have not made a claim towards 443 MIS grant offers. 229 of these MIS grant offers can no longer be drawn down, as they are now outside the eligible 18-month drawdown period. The remaining 214 MIS Grant offers are still eligible to be drawn down (by 214 unique businesses). Reasons for the lack of drawdown are discussed in Section 5.

However, caution should be taken when interpreting these figures on the basis that 271 MIS grant offers are, at the time of Evaluation, still eligible to drawdown<sup>21</sup> (which equates to a total of c. £2.1m). In the event that this outstanding grant is fully drawn down by these businesses the total level of drawdown would potentially be £9.97m (see Scenario 1 below). However, per Table 3.15, Invest NI has indicated that historic levels of drawdown has been (on average) 66%. In the event that a similar level is drawn down for those businesses still eligible to drawdown their respective MIS grants suggests that the total MIS grant drawdown would potentially be £9.17m (see Scenario 2 below).

Table 3.15: Potential levels of MIS grant drawdown				
Scenario	Actual drawdown to date	Outstanding grant potentially drawn down	Total grant that could potentially be drawn down	% of grant drawn down
Scenario 1	£7,852,000	£2,116,877	£9,968,877	72%
Scenario 2		£1,314,469	£9,166,469	66%

<sup>21</sup> 271 MIS grant offers (equating to £2,116,877) includes the 214 businesses that have not drawn down any grant (£1,903,972 outstanding) and a further 57 MIS grants (£212,905 outstanding) that have only been partially drawn down.

### 3.6 Risks

In the absence of an Economic Appraisal for the period under review, it is unclear which specific risks were anticipated to arise during the period under review (as well as the potential likelihood of these arising and their potential impact).

However, based on levels of demand for the Service, business' high levels of satisfaction with the Service (see Section 4), the positive contribution of the Service to the NI economy (see Section 5) and the aforementioned changes that were made to the Service during the period under review to maintain its efficacy (e.g. redirecting staff to respond to demand, amending the eligible costs and available grant rates to reduce administrative burden and maintain the financial incentive effect of the MIS grant), the Evaluation Team suggests that Invest NI's overall approach to risk management was robust and proportionate.

We do however recommend the potential risks to the Service are formally robustly examined as part of an independent Economic Appraisal of any future phase of the Service. Given the nature of the Service, specific risks that should be considered should include (at a minimum): reduction in levels of Service demand, loss of ICT Advisors (delivery staff), lack of capacity/capability of the Service to meet the needs of businesses, value-for-money not being achieved, lack of available Service budget, and underspend of Service budget. The Appraisal should identify the potential likelihood of each risk arising, its potential impact and the risk mitigation strategies that would be put in place.

The risks, featured within the Appraisal, should form the basis of a risk register that should be monitored and, where necessary, added to during the course of the Service. In-line with NIGEAE, areas that should be covered in the risk register should include: Risk number (unique within the register), risk type, author (who raised it), date identified, date last updated, description, likelihood, interdependencies with other sources of risk, expected impact, bearer of risk, countermeasure, risk status and risk action status.

### 3.7 Equality Considerations

Section 75 of the Northern Ireland Act 1998 requires that Invest NI shall, "*in carrying out its function relating to Northern Ireland, have due regard to the need to promote equality of opportunity*" between the following nine Section 75 groups:

- Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Men and women generally;
- Persons with a disability and persons without; and
- Persons with dependents and persons without.

In addition and without prejudice to these obligations, in carrying out its functions, Invest NI is also committed to promote good relations between persons of different religious belief, political opinion or racial group.

During June 2007, Invest NI undertook an Equality Impact Assessment (EQIA) of its Business Development Solutions (which include the eBS interventions) Policy. The draft EQIA went out for a 12 week consultation period in June 2007. Following the close of this consultation a final report was published in November 2007. The final report outlined the actions/recommendations which Invest NI committed to take forward and to monitor on an annual basis. In 2010, as part of its 3rd year review, Invest NI provided a summary of its progress towards the actions/recommendations contained in the EQIA.

<b>Table 3.16: Progress made towards the recommendations of the 2007 EQIA (up to 30/11/10)</b>	
<b>Recommendation</b>	<b>Progress (Invest NI verbatim response)</b>
Set up an effective equality monitoring strategy in conjunction with the Equality Commission for Northern Ireland.	We now have an equality monitoring strategy in place and we have collected information from companies in receipt of assistance for the 08/09 and 09/10 financial periods. At present we are constructing an electronic reporting system to enable us to analyse this information.
Additional criteria for programmes or schemes will be clearly defined and set out; and any potential adverse impacts associated with these criteria will be considered.	The majority of BDS programmes target client companies. On the rare occasion where programmes have targeted individuals, there has been a sound rationale for this and criteria have been explicitly defined. There is also ongoing screening of all programmes to ensure equality of opportunity. We will again look at access to our programmes and services within the remit of the ongoing Communications and Access EQIA.
When a BDS programme targets certain groups then the reasons for targeting these groups will be made transparent. A review of programme accessibility will also be undertaken to ensure consistency of approach.	Where a BDS programme targets a certain grouping there will be a clear rationale outlined for this. The Communication and Access EQIA, due to be finalised in 2010, will review overall accessibility to Invest NI, including that of programme accessibility
There will be ongoing training of front line staff and in particular Client Executives in Section 75. Where external consultants are employed then their responsibilities under Section 75 will also be made clear, and this will include any training requirements.	All Invest NI staff has received equality and diversity training. This will continue for any newly recruited staff. In 07/08 staff received specific disability awareness training and tailored training is ongoing for all staff. Staff also availed of equality screening and monitoring training in May 2009 and we have conducted additional training on how to complete the new equality screening forms during the summer of 2010.
Each programme will make clear, in all documentation, that materials can be made available in alternative formats where necessary and on request.	It is stated on all major Invest NI corporate publications, that they will be made available, on request, in alternative formats. We will however review this through the course of the Communications and Access EQIA and make changes where appropriate.
Marketing of BDS programmes and services among minority communities will be considered as part of a broader positive action programme.	In August 2008 Invest NI held an Engaging Ethnic Minority Enterprise seminar in conjunction with NICEM. This seminar promoted Invest NI programmes and how this grouping could best avail of the assistance on offer. We are also working with ex-prisoners groups to promote services and better accessibility to services.
All application forms will use a format with clear fonts, layout, and colours etc. that are accessible to those with special needs.	We have developed and produced “Making Information More Accessible” guidelines which are held on Invest NI’s intranet and accessible to all staff. We are currently reviewing this as we conduct our Communications and Access EQIA to ensure that the information and guidance is still up to date and practical.

The Evaluation Team’s review of eBS activity, monitoring information provided during the evaluation process and our discussions with recipients of support has identified:

- No evidence of higher or lower participation or uptake of different groups;
- No evidence to indicate that different groups had different needs, experiences, issues and priorities in relation to eBS activity;
- No opportunities to better promote equality of opportunity or better community relations by altering the work of eBS;
- No accessibility issues that might run contrary to the Disability Discrimination Act 1995.

On this basis, the Evaluation Team concludes that, whilst the eBS was not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

### 3.8 Summary Conclusions

Salient points to note with regards to the Evaluation Team's review of the Service's activity include:

- Between April 2009 and March 2015 a total of 5,222 businesses received support through the eBS. The nature of the support that was ultimately delivered was tailored to business' specific needs. For example, monitoring information provided by Invest NI suggests that:
  - There were 3,151 employee attendances from 1,761 unique businesses at 91 eBS events;
  - 344 unique businesses visited the E-Solutions Centre on 387 occasions. The annual number of visits to the Centre significantly decreased year-on-year, with 87% fewer visits being undertaken by business by during 2014/15 compared to 2009/10. E-solutions support was deemed to be, in general, less frequently required as ICT solutions became less niche and more commoditised and businesses' knowledge and awareness of the types of solutions available to them significantly increased. On this basis, the majority of the eBS Team indicated that there was potentially no longer a need for Invest NI to continue providing support through its E-Solutions Centre;
  - 5,511 ICT Advisory interventions were delivered by Invest NI's ICT Advisors to 3,505 unique businesses;
  - Invest NI made 1,509 offers of MIS grant assistance over the period to 1,248 unique businesses. The value of MIS grant offers totalled c. £13.9m which equated to circa one-third (34%) of total anticipated project costs (which were c. £41.3m). The mean MIS grant offered during the period was c. £9.2k, whilst the median was £6k. Just over two-thirds of grants offered (68% - N=1,509) were £10k or less;
  - Total actual MIS grant drawdown to date is c. £7.9m, which was 57% of the total offer of assistance. The mean level of drawdown (to date) was c. £5.2k and the median was £2.7k. In the event that this outstanding grant is fully drawn down by these businesses the total level of drawdown would potentially be £9.97m. However, in the event that a similar historical level (66%) is drawn down, for those businesses still eligible to drawdown their respective MIS grants, indicates that the total MIS grant drawdown would potentially be £9.17m;
- The Evaluation Team's review of monitoring information retained by Invest NI suggests that whilst the eBS Team has placed effort to monitor information relating to the Service's inputs, activities, outputs and outcomes, this information could be collated more robustly in order to provide more effective Service management information and assist with future evaluation. In this regard, the Evaluation Team recommends that Invest NI reviews its procedures for monitoring and recording Service activity and ensures to evaluate the Service in a timelier manner. Specific types of information that should be monitored, in relation to the Service's inputs, activities, outputs and outcomes, is provided in Section 6.3;
- Consideration should be given to capping the number of occasions in which a business should be permitted to avail of ICT advisory support and/or introduce a model of charging for repeat usage of the service. This would potentially enable Invest NI to redirect resources to supporting a larger number of businesses. The potential to cap business usage of the Service and the level of MIS grant that can be availed of and/or introduce a model of charging for repeat usage should be fully considered as part of the Economic Appraisal for any future phase of the Service;
- Given the levels of demand for the Service, business' high levels of satisfaction with the Service, the positive contribution of the Service to the NI economy and the changes that were made to the Service during the period under review to maintain its efficacy, the Evaluation Team suggests that Invest NI's overall approach to risk management was robust and proportionate. However, it is recommended that the potential risks to the Service are robustly examined as part of an independent Economic Appraisal of any future phase of the Service; and
- Whilst the eBS was not specifically targeted at any specific Section 75 categories, it does not appear to have had an adverse impact on any Section 75 group.

## 4. STAKEHOLDERS' SATISFACTION WITH, & VIEWS OF, THE EBS SUPPORT

### 4.1 Introduction

Section 4 provides a detailed analysis of the key findings, emerging from the primary research with businesses in receipt of eBS support, in terms of their satisfaction with, and views of the Service.

Table 4.1 provides a summary of the eBS participant feedback derived through the primary research, including all associated response rates and confidence intervals.

<b>Table 4.1: Response to individual support types<sup>22</sup></b>				
<b>eBS intervention</b>	<b>Unique businesses receiving support</b>	<b>Business Responses</b>	<b>Business Response rate</b>	<b>Business Confidence Interval</b>
Events	1,761	142	8.1%	+/- 7.9%
E-solutions	344	46	13.4%	+/- 13.5%
ICT Advisory Service	3,505	396	11.3%	+/- 4.6%
MIS Grants	1,248	279	22.4%	+/- 5.2%
<b>All interventions</b>	<b>5,222</b>	<b>570</b>	<b>11%</b>	<b>+/- 3.87%</b>

### 4.2 Marketing and Promotion

Unsurprisingly, given the fact that businesses could typically only avail of eBS support if they were referred to the Service by their Client Executive or a member of the Invest IN Business Support Team, four fifths (80% - N=279) of respondents suggested that they had been made aware of the Service as a result of a representative from Invest NI.

<b>Table 4.2: Method by which awareness was raised<sup>23</sup></b>	
<b>Source</b>	<b>%of business respondents</b>
A representative from Invest NI	80%
Cannot Recall/ Not Sure	10%
Invest NI website	4%
Other	3%
Invest NI E-zine or newsletter	3%
Through attendance at an event or seminar	1%
Local press	1%
<b>N=</b>	<b>279</b>

*"As part of a wider discussion on my business' needs, my Invest NI Client Executive suggested that I should avail of the eBusiness Service support...I spoke with one of Invest NI's ICT Advisors who provided me with quality advice and guided me through the application process for getting grant funding."*

*"The regional Invest NI office made me aware of the Service and was subsequently contacted by an ICT Advisor."*

During the primary research process, the Evaluation Team undertook a number of consultations with organisations representing the NI business base including the NI Chamber of Commerce, the NI Institute of Directors (IoD) and Federation of Small Businesses (FSB). With the exception of FSB, the representative bodies had no knowledge of the eBS and the support that it delivered. Whilst the Evaluation Team notes that the eBS is primarily focused on supporting the needs of Invest NI Client businesses, elements of the Service (e.g. eBS events) have historically been open to the wider business base. By way of stimulating demand for these elements of the Service moving forward, Invest NI should identify opportunities to market the Service through these representative organisations.

<sup>22</sup> The number of questions that respondents will have provided feedback on will have varied depending on the nature of support that it received and the associated method of primary research that it engaged in (i.e. a telephone consultation or the online survey). As such, the number of respondents (N) will differ between questions.

<sup>23</sup> Feedback provided by those businesses that engaged in the telephone consultations and undertook a full eBusiness survey

Furthermore, during consultation, the organisations indicated that they have provided a number of ad hoc eBusiness focused events and suggested that they would welcome the opportunity to deliver similar events in conjunction with Invest NI in the future.

#### 4.3 Satisfaction with the Support Provided

The majority of respondents expressed a high level of satisfaction with the support that was delivered through the eBusiness events, ICT support and MIS grant support elements of the Service. For example:

- 95%+ of businesses, that had attended an eBS event, indicated that they were ‘very satisfied’ or ‘satisfied’ with the structure, content and duration of the event, the calibre of the speaker(s) and any supporting materials they used, as well as the amount of time dedicated to networking activities. On an overall basis, nearly all (99%) businesses expressed satisfaction in relation to the advice that was provided through the eBS events;

*“I attended a number of the events and found each of these to be of a high standard with leading guest speakers. They provided practical advice which I was able to implement when I returned to my business “*

*“The structure and content of the event was excellent and it provided very useful introductory information. However, I would have liked more time given to the question and answer session at the end of the presentation and it would have been useful to receive a copy of the presentation that was given.”*

**Events  
attendees**

- 90%+ of businesses, that had received ICT Advisory support, suggested that they were satisfied with (amongst other things) the ICT Advisors understanding of their needs, the Advisor’s ability to tailor the advice to meet their needs and the range of e-business solutions that were identified.

A key strength of the Service which was consistently highlighted by consultees (businesses and CEs) was the impartial nature of the advice that was provided by Invest NI’s ICT Advisors who were viewed as being ‘honest brokers’ solely focused on supporting businesses to address their needs. Ultimately, businesses indicated that the impartial nature of the advice increased their confidence in the quality of the information being provided which, in turn, encouraged businesses to implement the ICT advice;

*“Given the importance of ICT in facilitating business’ operations, the eBusiness Service is a very important tool for Client Executive’s to use to support Client Businesses. The impartial advice provided through the Service is its key strength and encourages engagement with the Service.”*

**Invest NI Client Executive**

On an overall basis, 92% of businesses stated that they were ‘very satisfied’ or ‘satisfied’ with the advice provided through the ICT Advisory Service.

*“There is always a level of nervousness when undertaking ICT investment. Usually, I’m never sure about the benefits of making, what is, a large investment and when you seek advice from the private sector it sometimes feels like providers are more interested in making a sale, regardless of whether you need the product or not. The support I got from my Advisor was like a breath of fresh air. He spent time getting to know my business and its needs and was able to identify a range of solutions that could address these needs. There was no ‘hidden agenda’ and that gave me a level of comfort when making the decision that I ultimately took forward.”*

*“The support provided through our ICT Advisor was of the highest quality. The Advisor was able to tailor the advice to the business’ changing needs.”*

**ICT Advisory support recipient**

- Similarly high levels of satisfaction were expressed by those businesses that had been in receipt of an MIS grant. For example, 95%+ of businesses expressed satisfaction with the ease of completion of the application form and any support that was provided in completing this, the level of financial support that was available, the range of costs that were eligible for support and the time period within which the grant could be drawn down (18 months).

*“The level of financial support that was made available to our business was very helpful. It allowed us to implement essential software in our company, which has improved our operational efficiency which have resulted in cost savings”.*

*“The MIS grant enabled the business to take forward the business critical improvements that were identified with our ICT Advisor. The levels of funding and the types of cost covered were appropriate and I would never have had the finances or knowledge to take forward the project without the support.”*

*“The application process was straight forward and we got a speedy response. Unfortunately, due to unforeseen business priorities we were not able to fully utilise our grant...it would be useful if the time period could be extended to 2 years”.*

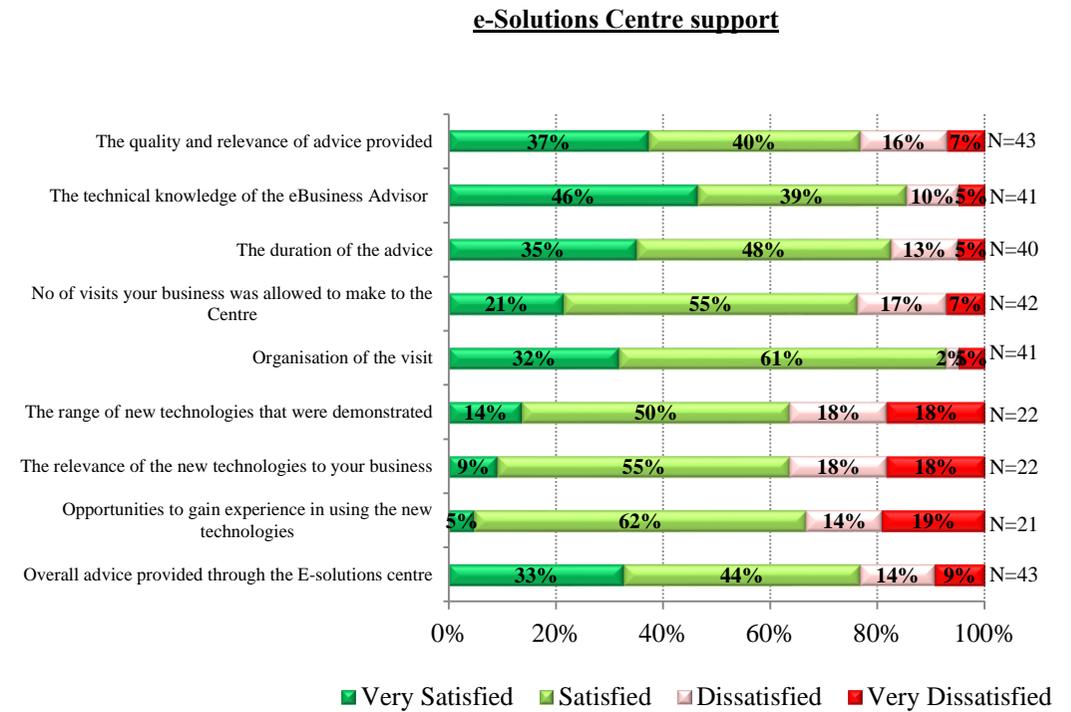
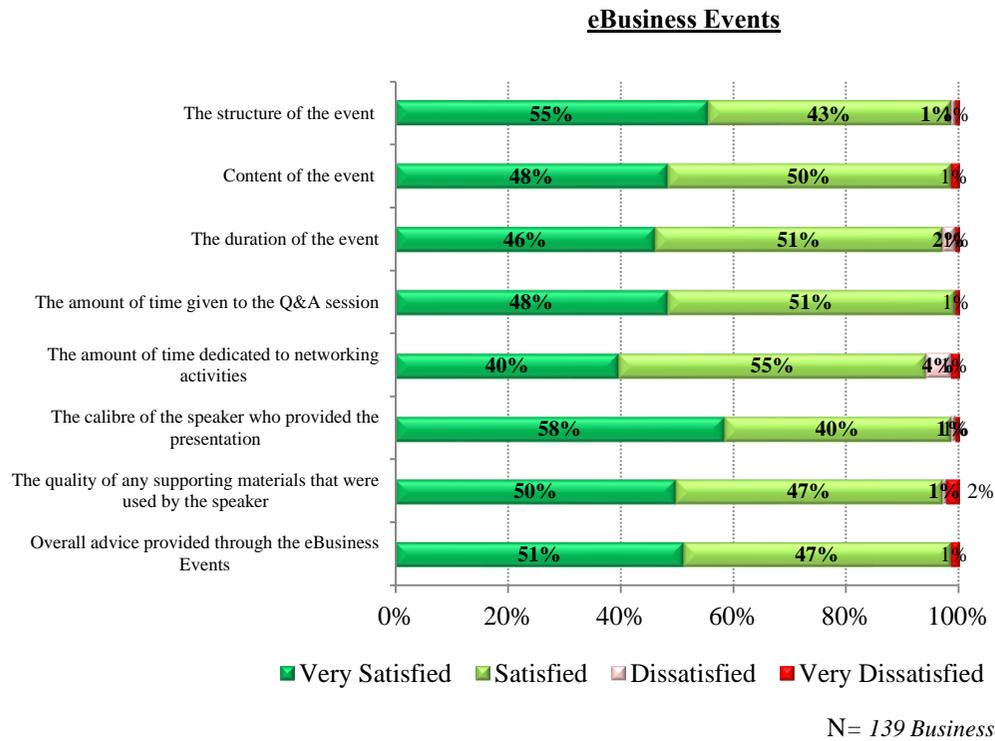
#### **ICT Advisory support and MIS grant recipients**

Whilst a small number of businesses (N=6) and Client Executives (N=2) recommended that the length of time in which individuals have to draw down their MIS grant should be increased, by way of maintaining project momentum and enabling Invest NI to effectively monitor its financial commitments, the Evaluation Team would not recommend that the drawdown period (of 18 months) is extended.

Similarly, whilst a number of ICT Advisors, suggested that the nature of eligible costs should be extended to cover revenue costs associated with emerging technologies such as the subscription costs associated with cloud computing, it is noted that Cloud services are typically billed monthly with relatively low levels of upfront costs required from businesses<sup>24</sup>. As such, levels of additionality would potentially be lower vis-à-vis projects that require a business to invest large amounts upfront for an ICT solution (which is the typical barrier for IT projects). Furthermore, discussions with Invest NI indicate that MIS grant support can be used to support businesses to implement cloud solutions if there is a sufficient upfront cost to facilitate the migration of data and customise the cloud service, if the costs are above the minimum MIS grant levels of £1.5k. Furthermore, it is noted that businesses using cloud services are still able to avail of the impartial advice available through the ICT Advisory service.

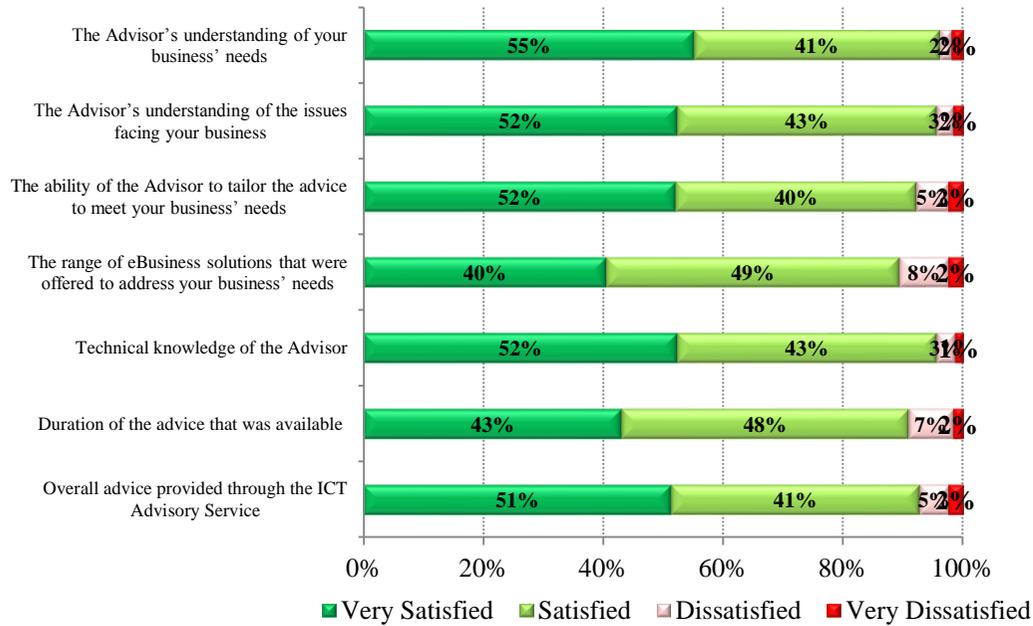
<sup>24</sup> Indeed many cloud services offer free trials and have modest upfront costs with contract period of as little as a month.

Figure 4.1: Satisfaction with support provided through eBS<sup>25</sup>



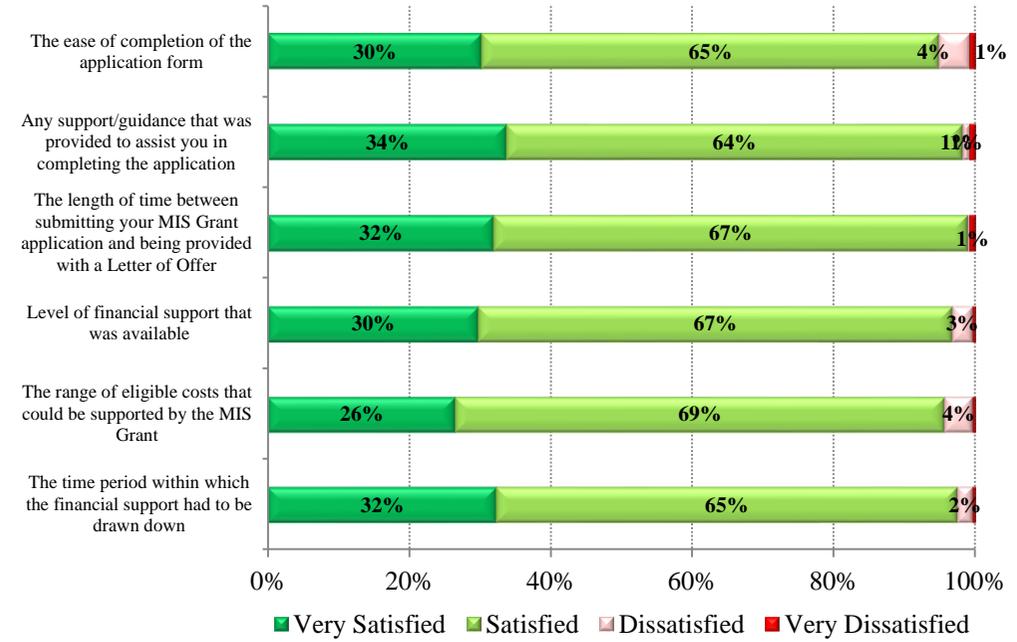
<sup>25</sup> Feedback provided by those businesses that engaged in telephone consultations or online survey.

**ICT Advisory Support**



N= 388 Businesses

**MIS Grant support**



N= 276 Businesses

Whilst the majority (50%+) of businesses indicated that they were satisfied with the support provided through the E-solutions Centre, relatively large proportions of businesses expressed dissatisfaction through this element of the Service. For example, more than one-fifth (20%+) of businesses indicated that they were dissatisfied or very dissatisfied with the:

- Quality and relevance of advice that was provided during the visit (23% - N=43);
- Range of new technologies that were demonstrated, as well as their relevance to their business (36% - N=22); and
- Opportunities to gain hands-on experience in using the technologies (23% - N=21).

Indeed, almost one-quarter (23% -N=43) of businesses indicated that they were dissatisfied with the overall quality of advice that was delivered through the E-solutions element of the Service.

*“The technologies that were being demonstrated were very basic and had little relevance to my needs”.*

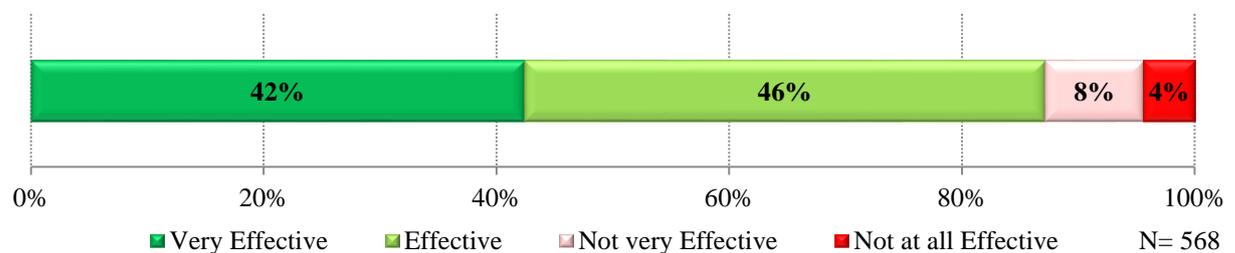
*“The whole visit just felt very rushed and the advice was very generic. I didn’t get a chance to demonstrate the technologies I was interested in, despite being told that I would be able to prior to the visit”.*

**E-Solutions Centre visitors**

#### 4.4 Effectiveness of the Support

Positively, more than four-fifths (88% - N=568), indicated that the advice and support that they received through the eBS was ‘very effective’ or ‘effective’ in terms of supporting them to make decisions on how to implement ICT within their business.

**Figure 4.2: Effectiveness of support in terms of addressing the business’ needs<sup>26</sup>**



*“The advice that was provided gave me the both the knowledge on how to take the ICT project forward and the confidence to make the investment.”*

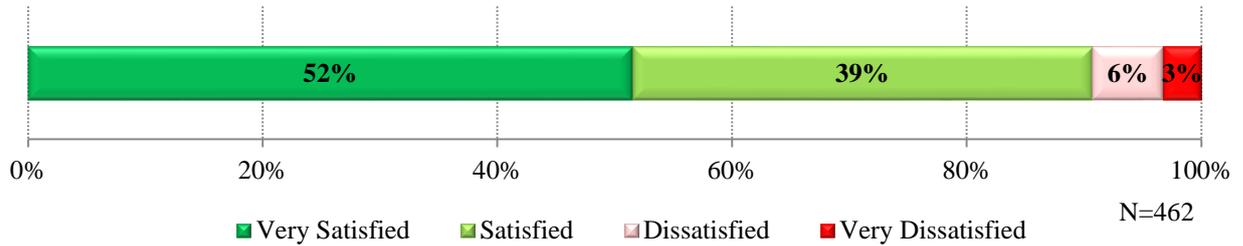
*“The advice we got from the Advisor was first-rate. We talked through the various ICT options that were open to me including the pros and cons with each. Based on this I was able to make an informed decision on the most appropriate solutions to address my business’ needs.”*

#### 4.5 Overall Satisfaction with the Support

Building on the high levels of satisfaction reported by business recipients in relation to the individual areas of support that were delivered through the Service, the vast majority of respondents (91% - N-462) indicated that they were very satisfied (52%) or satisfied (39%) with the support provided through the eBS.

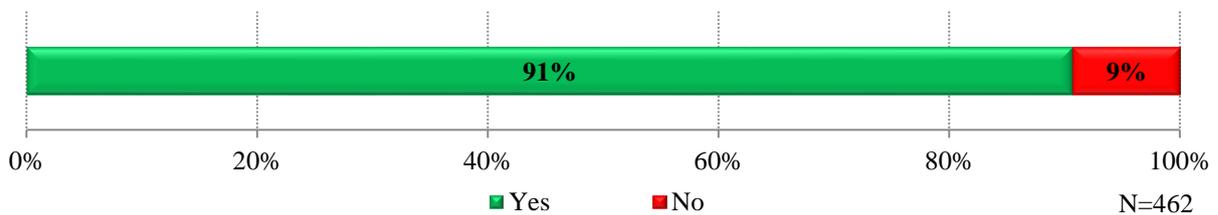
<sup>26</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey.

Figure 4.3: Satisfaction with support provided through eBS



Aligned to the high levels of overall satisfaction with the service, almost all respondents (91% - N=462) stated that they would be willing to recommend the eBS service to other businesses who are in need of support to apply eBusiness and more sophisticated ICT solutions into their business processes.

Figure 4.4: Willingness to recommend the service<sup>27</sup>



*"I would have no hesitation in recommending the Service to other business who are interested in increasing their levels of ICT sophistication."*

*"This is an excellent Service which I can't rate highly enough. I would gladly recommend it to others."*

**eBS Recipients of support**

#### 4.6 Willingness to pay for support

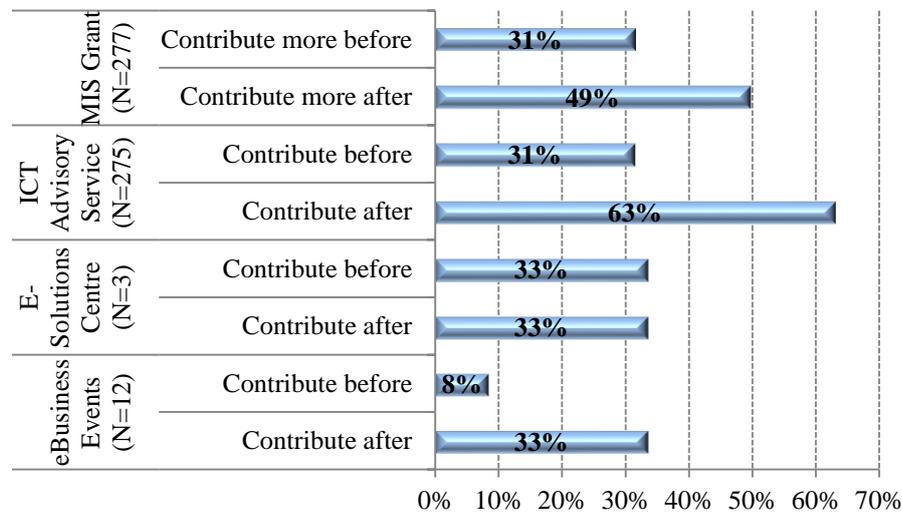
As noted, with the exception of MIS grant support, businesses were not required to contribute to the support that was delivered through the eBS. As part of the primary research, businesses were asked if they would have been willing to contribute to the support (or contribute more in the case of MIS grant support) both:

- Prior to receiving eBS support (i.e. prior to having an appreciation of any value that was ultimately derived through the Service); and
- Following the receipt of support (i.e. having potentially developed some appreciation of the value provided by the Service).

Figure 4.5 and Table 4.3 provides a summary of the key findings with further information provided thereafter.

<sup>27</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey.

**Figure 4.5: Willingness to pay (or contribute more, in the case of MIS support) prior to, and following, the receipt of eBS support**



eBS support	Before receiving support											After receiving support			
	N	Conf. level (+/-)	Mean	Median	Range		N	Conf. level (+/-)	Mean	Median	Range				
					Low	High					Low	High			
ICT Advisory Service	35	12.8%	£146	£165	£20	£500	85	7.6%	£214	£200	£40	£750			
MIS Grant	71	4.9%	47%	50%	25%	80%	103	4.7%	54%	50%	40%	90%			

**Table notes:**

- Questions relating to willingness to pay were not asked as part of the online questionnaires and hence those businesses that only received eBS events and E-solutions Centre support were not required to respond to this question;
- Respondent numbers (N) detailed in Figure 4.5 are reflective of the number of businesses that engaged in the primary research and received each element of support. All businesses that engaged in the telephone consultations provided a response to the willingness to pay questions;
- Respondent numbers (N) detailed in Table 4.3 are reflective of the number of businesses that were able and willing to identify the amount that they were willing to contribute to the support that they received through the eBS;
- The quantified contribution levels for ICT Advisory Service support are based on current levels of provision (i.e. 2 half days of support);
- On the basis that only 5 businesses, that received ICT Advisory and MIS grant support, were willing and able to quantify the contribution that they would be prepared to make towards receiving support through the E-solutions Centre and the eBusiness events, these figures have been excluded from the table; and
- For prudence, the mean and median values exclude statistical outliers.

**Salient points to note:**

- Circa one-third of businesses indicated that, prior to receiving support, they would have been prepared to contribute towards the costs of their visit to the E-solutions Centre and/or the ICT Advisory support they received and/or contribute more to the MIS project that was taken forward with the support of Invest NI. Only 8% of businesses indicated that they would have been prepared to make a contribution towards their attendance at an eBS event;

For the majority of businesses that stated that they were not prepared to pay prior to receiving support, these businesses indicated that this was largely due to the uncertainty about the quality of the support that they would receive and the benefit that they would potentially derive from engaging in the business development activities (i.e. risk aversion and asymmetric information).

- With the exception of E-Solutions centre support, having received the support through the eBS, a significantly higher proportion of businesses indicated that they would be willing to contribute towards the cost of support (or contribute more, in the case of recipients of an MIS grant), if they required similar support in the future. For example, more than three-fifths (63%) of business that received ICT Advisory support indicated that they would be willing to contribute to the support if it was required again in the future. This represents a 32 percentage point increase in the proportion of businesses prepared to pay for this form of support. Based upon the qualitative feedback from businesses, the increase in preparedness to contribute to the support is reflective of both the value the businesses got from the Service and, linked to this, an increased understanding of the benefits that can be gained from developing their levels of ICT sophistication. As such, the findings indicate that the Service is playing a strong role in addressing the asymmetric information market failure that has historically prevented businesses from engaging in these types of business development activities (see Section 5 for further details).
- Businesses that maintained that they were not willing to contribute towards the support provided through the E-Solutions Centre, indicated that this was due to the ‘light touch’ nature of the support that was provided and the relatively low level of benefit that they received from the support. For those businesses that were not willing to pay for similar support in the future for other forms of support, these businesses indicated that this was more a reflection of the ongoing challenging economic environment in which they operate, rather than being dissatisfied with the quality of the support that was provided to them.
- The Evaluation Team notes that the levels that businesses were willing to contribute following the receipt of support were relatively higher for the eBusiness events and MIS grant support vis-à-vis the level they were prepared to contribute prior to receiving the support.

On the basis of the preceding findings, the Evaluation Team recommends that further consideration is given to introducing charging for the various element of support available through the eBS as part of the Economic Appraisal of any future phase of the eBS. In doing so the Appraisal should robustly examine the merits and demerits of introducing charging.

It is the Evaluation Team’s view that the primary rationale for the introduction of charging for businesses that receive eBS support should be to:

- Increase levels of Service additionality (the extent to which an activity takes place at all, or is undertaken on a larger scale, or earlier, or to a higher standard, or within a policy target area, *as a result* of public sector intervention.); and/or
- Increase the quality of eBS projects that are subsequently taken forward by businesses.

The associated merits of successfully introducing a model of charging would be:

- Reducing the cost (to Invest NI) of delivering services; and in turn
- Raising revenues that could be utilised to deliver further services focused on enhancing economic development within NI.

However, it is also the Evaluation Team’s view that the introduction of charging and/or reductions in levels of support (through the MIS grant element) for businesses that receive eBS support may also present a number of demerits, including:

- The introduction of charges may result in a reduction in the level of demand for the support as businesses may be unable to pay for the support and/or are reluctant to pay for the support in the absence of knowing more about the benefits of undertaking the eBusiness activities and/or investing in ICT (i.e. asymmetric information);
- The introduction of charging may negatively impact on the dynamic of the relationship between Invest NI (including the ICT Advisors and Client Executives) and the NI business base, with the former potentially no longer being viewed as an objective ‘honest broker’ that is primarily focused on supporting the needs of businesses;
- Its introduction may require additional administrative resource to be allocated to support the collection of the charges; and
- Its introduction may create indemnity issues in the event that a business is not satisfied with the support that is delivered by the eBS Team.

Notwithstanding the above, we note that a model of charging for eBS support has not yet been market tested and hence the impact (either positive or negative) of introducing a charging model is speculative at this time. That is to say, until the model is market tested, it is unclear as to whether the aforementioned merits and demerits transpire and the degree of impact that they have on, amongst other things, levels of Service demand.

Any model of charging for eBS support should:

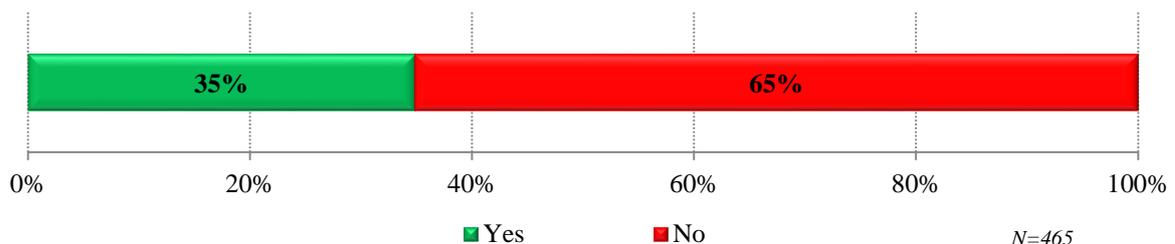
- Identify which elements of support (e.g. events, E-solutions centre support, ICT Advisory support etc.) where charges should be applied;
- Identify the types of beneficiaries that would be applicable for charges e.g. size of business, sector operating in, whether the business has availed of the same or similar support previously etc.;
- The level (e.g. proportion of costs) that charges should be set at (perhaps varied by the characteristics of points i and ii, taking on board the findings of this Evaluation) etc.

In any such case, the Evaluation Team understands that Invest NI is presently developing its corporate policy on charging and we recommend that the eBS Team ensure that any charging model adopted fully aligns with any agreed corporate framework to minimise any operational and reputational risk.

#### 4.7 Other support required to apply ICT and eBusiness

Just over one-third of businesses (35% - N=465) indicated that they require further support to apply ICT and eBusiness within their business.

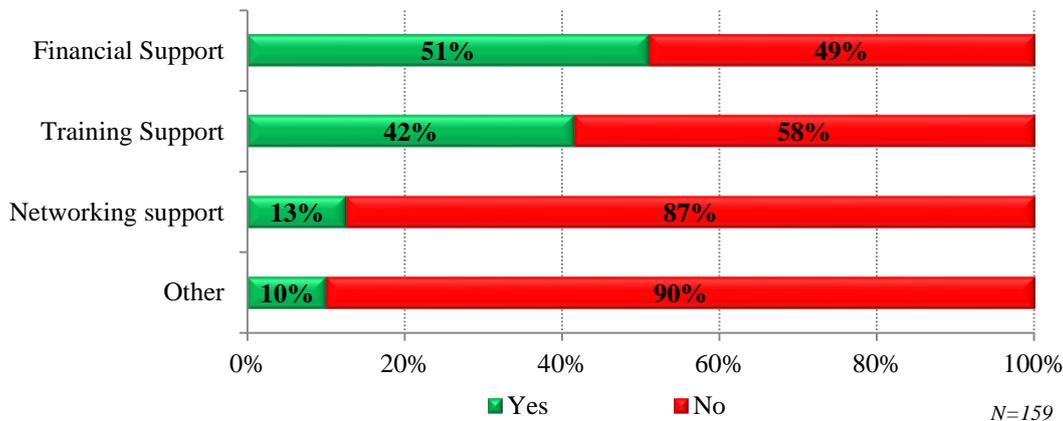
**Figure 4.6: Further support required to apply ICT and eBusiness<sup>28</sup>**



The types of support most frequently identified by businesses included financial (51% - N=159) and training support (42% - N=159).

<sup>28</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey. 103 respondents did not complete this question through the online survey, alongside 2 individuals not completing an eBS questionnaire by telephone.

Figure 4.7: Type of support required<sup>29</sup>



Businesses indicated that they required additional financial support to purchase:

- IT hardware and software including Cloud technology, license software, and other IT hardware (e.g. computers, servers); and
- Support services to develop apps and update websites.

Types of training support required included:

- Search engine optimisation and Google analytics;
- Digital marketing training;
- Training on social media;
- Online sales website (e.g. Amazon and eBay) training; and
- Training on CRM systems.

In addition to the above, based on its interaction with businesses, the eBS Team indicated that there was a need to ensure that Client businesses are being provided with appropriate wraparound support in order to improve the effectiveness and impact of the eBS support. For example, in a situation where a business was seeking to increase its online presence (with the support of the eBS), there is often an associated need to develop the business' marketing expertise and/or enhance particular skill sets within the business. It was suggested that this could potentially be achieved through the provision of Invest NI's Skills Growth and Growth Accelerator Programme (GAP) support.

Similarly, discussions with Invest NI's Productivity Improvement Team (PIT) indicates that, moving forward, there are greater opportunities for the eBS and PIT teams to work together to utilise ICT as a means to embed 'lean' business improvement techniques and support businesses to achieve their growth plans.

On this basis, the Evaluation Team recommends that needs of Client Businesses are robustly explored at the 'diagnosis' stage of the interaction between the Client Business and its Client Executive. Where additional opportunities exist to enhance the wraparound support being provided to businesses, to enhance the eBS support being delivered, these should be highlighted to the business' Client Executive at the point of referral to the Service.

It was also noted by a number of Client Executives and members of the eBS Team that Invest NI should explore opportunities to deliver support online to businesses through, for example, online ICT/eBusiness tutorials. It was suggested that this would potentially be a cost effective means of addressing the eBusiness and ICT needs of both Client businesses and the wider business base.

<sup>29</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey. It should be noted that 3 individuals did not complete this question on the online survey.

#### 4.8 Business' Recommendations for Improvement

Given the reported high levels of satisfaction, only a small number of businesses made recommendations to improve the Service. These recommendations included:

- Simplifying the MIS grant application process (and application form) (N=18);
- Improving the marketing and promotion of the Service (N=15);
- Increasing the length of time in which individuals have to draw down the MIS grant (N=8); and
- Incorporating additional networking activities at the eBusiness events (N=7).

*"I felt that the eBusiness events could have been improved by integrating network activities between businesses' who attended these events. Giving businesses the opportunity to interact with other local businesses"*

*"In terms of the amount of time which we have to draw down the MIS grant, I feel that two years to draw down this grant would be more suitable as it would give the business more flexibility"*

**eBS Recipients of support**

#### 4.9 Continuing Professional Development

During consultation a number of ICT Advisors (N=4) indicated that, whilst acknowledging Invest NI openness to support staff to engage in formal Continuing Professional Development (CPD) (e.g. training and education courses) in the area of ICT and eBusiness, it would be advantageous if dedicated time (e.g. a small number of hours per month) was allocated to staff to engage in CPD (both formally and more informally) on an ongoing basis. Given the pace of technology change, it was the view of these team members (and shared by the Evaluation Team) that it is imperative for ICT Advisors to keep abreast of new and emerging technologies so that the most appropriate, up-to-date advice could be provided.

The Evaluation Team would concur with this view and recommends that appropriate levels of time are allocated to staff to maintain the professional development.

#### 4.10 Summary Conclusions

The preceding analysis suggests that:

- Businesses are, in main, highly satisfied with the support that was delivered through the eBS in terms of its structure, the quality of advice provided, the duration of support, as well as the levels of financial assistance that are currently available through the MIS Grant element of the Service;
- Whilst the majority of businesses indicated that they were satisfied with the support provided through the E-solutions Centre, relatively larger proportions of businesses expressed dissatisfaction in relation to (amongst other things) the quality and relevance of advice that was provided during the visit, the range of new technologies that were demonstrated, as well as their relevance to their business and opportunities to gain hands-on experience in using the technologies; and
- Reflecting the quality of the support received and subsequent impact that it made on recipients of support, the vast majority of businesses suggested that the support was effective in meeting their needs, would be willing to recommend this support to others and a significant proportion of businesses would be willing to contribute towards the cost of support (or contribute more, in the case of recipients of an MIS grant), if they required similar support in the future.

## 5. IMPACT OF THE EBS SERVICE

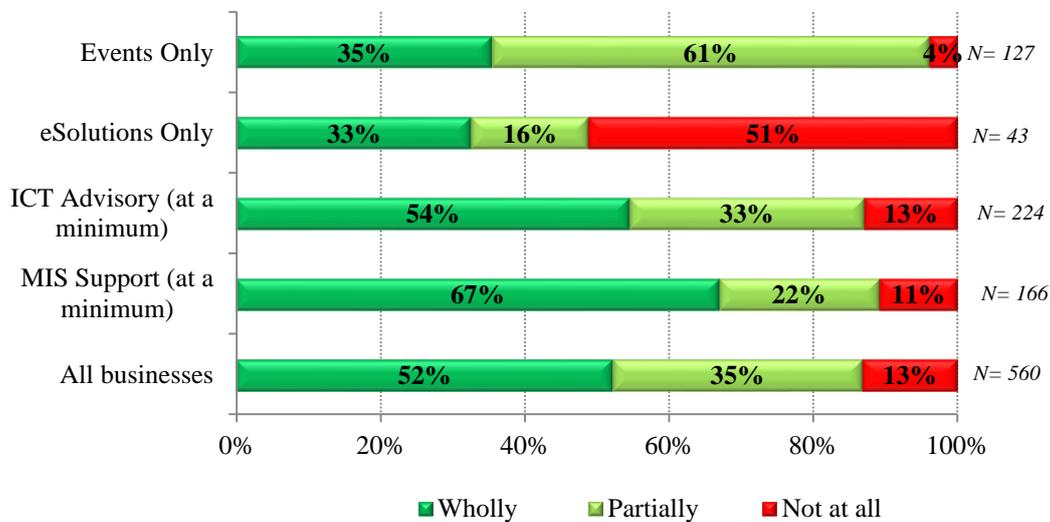
### 5.1 Introduction

Section 5 considers the impact that the receipt of eBS support had on recipient businesses<sup>30</sup>.

### 5.2 Businesses' Ability to Integrate the Advice, Knowledge and Expertise

Reflecting the high quality of the support that was provided through the service, more than four-fifths of businesses (87% -N=56) indicated that they had wholly (52%) or partially (35%) integrated the eBusiness advice, knowledge and expertise that they had gained through the Service.

**Figure 5.1: Integration of advice, knowledge and expertise<sup>31</sup>**



The vast majority of businesses that had not fully integrated the advice and knowledge (N=73) or had only partially integrated it (N=196) suggested that this was due to the businesses focusing on other priorities which they deemed to be of a higher importance. Furthermore, more than half of business (51% - N=40), that had only received support through the E-Solutions Centre, indicated that they had not integrated the advice and knowledge as it was not of relevance to the business and/or was not of sufficient quality to support the business to make material changes to their operations.

Positively, of those businesses that indicated that they had only partially integrated the advice, knowledge and expertise or had not integrated it at all (48% - N=560), almost two-third of these businesses (64% - N=269) suggested that they anticipate integrating the advice, knowledge and expertise at some point in the future. The remaining businesses indicated that they were unlikely to integrate the advice for the aforementioned reasons..

*“Although I was satisfied with my visit to the e-Solutions centre I don’t feel that I gained enough information or advice from this visit to be able to integrate any solutions. A more in-depth discussion around the different eBusiness solutions would have benefited my business more”*

*“The information given was merely verbal; there was no interaction with products or systems. The Advisor was unable to ‘recommend’ any particular technology, systems or developers... It was left to us to track down all of*

<sup>30</sup> The number of questions that respondents will have provided feedback on will have varied depending on the nature of support that it received and the associated method of primary research that it engaged in (i.e. a telephone consultation or the online survey). As such, the number of respondents (N) will differ between questions.

<sup>31</sup> Feedback provided by those businesses that engaged in the telephone consultations and online survey. 8 partial online surveys did not answer this question, alongside 2 individuals who did not complete the full eBusiness survey.

*the above.”*

**E-Solutions Centre visitors**

*“Due to other business priorities, we haven’t been able to integrate all the advice, but I hope to return to our eBusiness project soon.”*

*“We’ve worked hard over the last year to integrate the advice we received. Our Advisor was always on hand to guide us through the process and we are just at the point of seeing the rewards from this work.”*

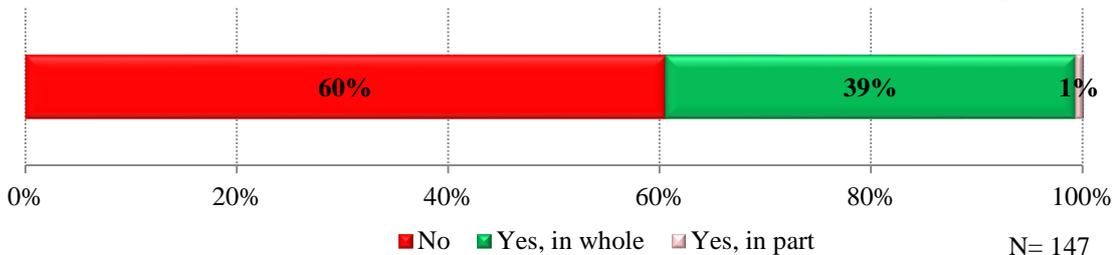
**eBS Recipients of support**

**5.3 Likelihood of further MIS Grant drawdown**

Of the 279 businesses, that took part in the primary research and had received an MIS grant, just over half of these businesses (53% - N=279) had not fully drawn down their grant but remained within the eligible time period (i.e. 18 months after their respective LoO).

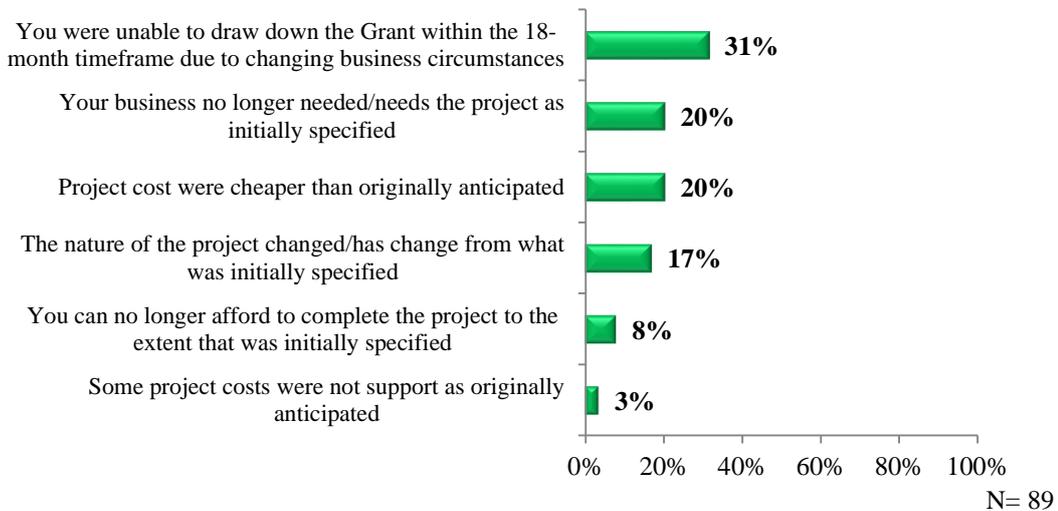
Two-fifths of these businesses (40% - N=147) indicated that they envisage drawing down their Grant, either partially or in full.

**Figure 5.2: Likelihood of drawing down outstanding grant within the 18-month time period<sup>32</sup>**



Nearly one-third of the businesses (31% - N=89), indicated that they were unlikely to draw down their outstanding MIS grant due to the existence of more important business priorities. A further one-fifth of these businesses (20% - N=89) indicated that they would not draw down their outstanding grant because they no longer need the project initially anticipated. Positively, from the ‘Economy’ measure of VFM, one-fifth of businesses indicated that their respective project was cheaper than initially anticipated.

**Figure 5.3: Reasons for not drawing down the remainder of the grant**



<sup>32</sup> Feedback is provided by those individuals who have not drawn down, or have only partially drawn down, the MIS Grant.

#### 5.4 Activity Deadweight/Additionality

The net impact of Invest NI’s eBS (i.e. its additionality) relating to businesses’ decision to engage in similar eBusiness development activities, or where relevant, to undertake these activities to a similar scale and/or within a similar timescale, can only be measured after making allowances for what would have happened in the absence of the support. That is, the support must allow for deadweight. ‘Deadweight’ refers to activity that would have occurred without the intervention i.e. the eBS support. Appendix III provides a detailed overview of the Evaluation Team’s deadweight/additionality calculations. However, in summary, we have calculated levels of activity deadweight using a ‘participant self-assessment’ methodology. The methodology utilises a series of questions<sup>33</sup> within the participant survey and assigns weightings (agreed in conjunction with DETI’s Economist Team) to the individual responses.

The questions sought to ascertain respondents’ views on the impact that the receipt of eBS support had on their decision to take forward the eBusiness activities. Options included:

- Whether they would have taken forward the activities at all;
- Whether they would have taken forward the activities but on a reduced scale;
- Whether they would have taken forward the activities, but at a later date;
- Whether they would have taken forward the activities but on a reduced scale and at a later date; and
- Whether they would have taken forward the activities at the same scale and within the timescale regardless of the eBS.

Depending on the response provided, a level of additionality/deadweight was applied. For example, a respondent who indicated that they definitely would not have taken forward the eBusiness activities in the absence of the eBS would have been assigned a level of 100% additionality (i.e. full additionality). Conversely, a respondent who indicated that they definitely would have taken forward the activities within the same timescale regardless of the receipt of the eBS would have been assigned a level of 100% deadweight (i.e. no additionality). Other responses were given a weighting somewhere between these two extremes (i.e. a level of partial additionality/deadweight).

The outcomes of the analysis are provided below:

Table 5.1: Programme Additionality/deadweight (N=277) <sup>34</sup>	
Deadweight	Additionality
35.2%	64.8%

It is the Evaluation Team’s view that the calculated level of activity additionality should be viewed positively and is likely to reflect (amongst other things) the:

- Nature and scale of costs eligible for support through the MIS Grant. As noted, to enhance levels of additionality, projects below £1.5k were not supported and businesses were only eligible to receive multiple MIS Grants if the proposed project was fundamentally different; and
- Initial Assessment undertaken by the CE to indicate to the ICT Advisor if MIS funding is a suitable option and the fact that each MIS application is required to be internally appraised which includes an assessment of the level of project additionality.

<sup>33</sup> In-line with DETI guidance, these questions focused on identifying the likelihood that the individual would have undertaken the eBusiness development activities, what scale of activities would have been undertaken in the absence of support (if relevant) and how much later would the activities would been undertaken (if relevant).

<sup>34</sup> By way of maintaining the validity of responses, this question was only asked to businesses that took part in the telephone consultations. It should be noted that there were two individuals who did not complete a full eBusiness survey and did not respond to this question.

Notwithstanding this, by way of increasing levels of additionality, consideration should be given to capping the number of occasions in which a business should be permitted to avail of support and/or introducing a model for charging businesses for the various elements of support available through Service.

## 5.5 Nature and Extent of Market Failure

Subsection 5.4 examines the factors that would have prevented businesses from undertaking the eBusiness development activities or undertaking them in the same manner (i.e. at the same scale or in the same timescale) independent of the support provided through the eBS. In doing so the analysis utilises a methodology agreed in conjunction with DETI and Invest NI to quantify the nature and extent of market failure<sup>35</sup>.

Based on the feedback, the factors that would have prevented businesses from undertaking the eBusiness development activities or taking them forward in the same manner included:

<b>Table 5.2: Factors preventing businesses from undertaking the eBusiness activities that were supported by the eBS, or undertaking them in the same manner</b>	
<b>Need for support</b>	<b>% of businesses</b>
You could not have afforded the external expertise to provide the advice and support required	84%
You could not have afforded to take forward the MIS project in the absence of receiving support	79%
You lacked the knowledge that would be required to develop and implement the eBusiness Solutions	47%
The implementation of the eBusiness solution was perceived to be too complex/difficult to take on without advice and support	40%
The implementation of the eBusiness solution was too risky to take forward without advice and support	37%
You would have been unwilling to fund the external expertise to provide the advice and support required and/or full cost of the MIS project	36%
Without knowing more about the potential benefits, you would not have considered undertaking the eBusiness activities	30%
You were not aware of external expertise that could offer the advice and support required to address your needs	28%
Other	1%
<b>N=</b>	<b>244<sup>36</sup></b>

Based on these findings, the Evaluation Team was able to undertake an analysis of the degree to which market failure played a role in businesses' decision to take forward the eBusiness activities. This analysis involved categorising a business' motives for participation based on:

<sup>35</sup> Given the fact that the analysis seeks to examine the factors that would have prevented businesses from undertaking the eBS activities or undertaking them in the same manner (i.e. at the same scale or in the same timescale) independent of the support provided through the eBS, the analysis is intrinsically linked to the activity additionality/deadweight analysis detailed in subsection 5.3.

<sup>36</sup> By way of maintaining the validity of responses, this question was only asked to businesses that took part in the telephone consultations. Responses will not sum to 100% on the basis that businesses were able to select more than one response. It should be noted that this question was only asked to those individuals who stated that they would not have undertaken the eBusiness activity without the support. 32 individuals noted that they would have undertaken these activities without the support, 2 individuals did not complete a full eBusiness survey and 1 individual partially completed this survey online and by telephone.

- **No Market failure** - The business felt that the eBusiness activities ‘definitely would have happened anyway’ or stated that they would not have undertaken the activities because they:

- Would not have be able to afford the external expertise without financial support; and/or
- Would have been unwilling to pay the cost of using the external expertise without financial support; and/or
- Other business priorities would have prevented the business from taking forward the activities.

- **Partial Market failure** - The business’ decision to undertake the eBusiness activities was due to both non-market failure and market failure factors. That is to say, they would not have undertaken the activities or would not have undertaken them in the same manner (i.e. to the same scale and/or within the same timescales), because they:

- Would not have be able to afford the external expertise without financial support; and/or
- Would have been unwilling to pay the cost of using the external expertise without financial support; and/or
- Other business priorities would have prevented the business from taking forward the activities; **and**
- The business lacked the knowledge required to develop and implement the eBusiness activities (market failure – asymmetric information); and/or
- Without knowing more about the potential benefits, the business would not have considered undertaking the eBusiness activities (market failure – asymmetric information) and/or
- The business was not aware of the external expertise that could offer the support required to address your business needs (market failure – asymmetric information); and/or
- Project was too risky to take on without financial support (market failure – risk aversion due to asymmetric information).

- **Full Market Failure** - The business’ decision to undertake the eBusiness activities was solely due to market failure factors (asymmetric information) i.e.:

- The business lacked the knowledge required to develop and implement the eBusiness activities (market failure – asymmetric information); and/or
- Without knowing more about the potential benefits, the business would not have considered undertaking the eBusiness activities (market failure – asymmetric information) and/or
- The business was not aware of the external expertise that could offer the support required to address your business needs (market failure – asymmetric information); and/or
- Project was too risky to take on without financial support (market failure – risk aversion due to asymmetric information).

The results of this analysis are presented in the table below:

Table 5.3: Impact of market failure	
	No. of businesses
No Market Failure	40% <sup>37</sup>
Partial Market Failure	53%
Full Market Failure	7%
<b>Total (N=276)<sup>38</sup></b>	<b>100%</b>

In summary, the analysis indicates that three- fifths of businesses (60% - N=276) would not have taken forward the eBusiness activities (or would have taken the activities forward to a different scale and/or timescale) due to full (7%) or partial market failure factors (53%).

<sup>37</sup> Includes the 32 individuals that stated that they would have undertaken these business development activities without the eBusiness support.

<sup>38</sup> 3 businesses did not provide a response to this question.

## 5.6 Leveraging of ICT investment

Based upon monitoring information provided by Invest NI and the feedback from businesses, subsection 5.6 estimates the ICT investment that has been leveraged as a result of the eBS support. Given the variable intensities of support received by businesses, and its potential contribution to encouraging ICT investment, this analysis has been examined at an individual support level<sup>39</sup>.

### 5.6.1 Businesses in receipt of ICT Advisory and MIS Support (at a minimum)

In assessing the ICT investment made by businesses that received, at a minimum, ICT Advisory and MIS Support, the Evaluation Team examined both the private sector contribution towards the MIS project that was approved by Invest NI and any further investment that was made but was not initially anticipated at the time of approval<sup>40</sup>.

#### **Private Sector Contribution towards the approved MIS project**

Based upon each individual businesses' anticipated project cost and MIS grant offered and drawn down to date (as at August 2015), Cogent's analysis indicates that businesses have potentially invested £15.24m in ICT hardware, software and training towards the cost of implementing their respective MIS projects.

<b>Table 5.4: Private sector contribution towards the approved MIS project (to date)</b>			
	<b>Total Anticipated</b>	<b>Actual to date</b>	<b>Variance</b>
MIS Grant	£13,888,590	£7,851,744	£6,036,846
Private sector contribution	£27,374,055	<b>£15,238,708</b>	£12,135,347
Total	£41,262,645	£23,090,452	£18,172,193
Grant offer % of project costs	34%	34%	33.2%

#### **Other ICT expenditure**

Of the 279 businesses within the sample, that had received (at a minimum) ICT Advisory and MIS Grant support, 58% of these businesses indicated that they had made a further ICT investment which was over and above the MIS project that was initially anticipated<sup>41</sup>. Of these businesses, 120 were willing and able to quantify the ICT investment they had made. These businesses indicated that they had invested a further c. £3.2m, albeit this total was heavily skewed by 18 business outliers that had invested c. £1.9m.

For prudence, the Evaluation Team excluded these outliers, as well as any businesses that have not drawn down any of their respective grant, during the grossing up analysis and subsequently re-included these to calculate the potential further ICT investment made by the unique number of business that received an MIS grant during the period under review. This analysis suggests that eBS may have supported 470 businesses to make c. £6.3m in further ICT investment (Table 5.5).

<sup>39</sup> Given the low number of online responses from those business that only attended an eBS event, coupled with the relatively 'light touch' nature of support that was delivered through these events and their focus on awareness raising, in agreement with Invest NI, this element of support was excluded from the analysis.

<sup>40</sup> This could include further investment made towards the delivery of the specific MIS project (which was not anticipated at the outset) and/or other investment that was made that did not specifically relate to the MIS project but resulted from the advice and/or the identification of follow-on opportunities to improve the business' operations.

<sup>41</sup> This investment may have related to enhancing the MIS project (at the businesses own cost) and/or investment in non-MIS project related hardware and software.

<b>Table 5.5: Other ICT expenditure by MIS recipients</b>	
<b>Sample</b>	
No. of businesses receiving MIS support (as a minimum) in the survey sample	279
No. of businesses making further ICT investment (over and above the MIS costs initially anticipated)	163 (58%)
No. of businesses willing and able to quantify the further ICT investment	120
Increase in ICT expenditure (N=120)	£3,173,160
Total increase in ICT expenditure excluding 18 outliers (i.e. N=102)	£1,251,324
Range in investment made by individual businesses	£200 - £240,000
Mean ICT expenditure excluding outliers (i.e. N=102)	£9,480
Median ICT expenditure excluding outliers (i.e. N=102)	£4,750
<b>Population</b>	
Total unique businesses receiving (at a minimum) an MIS grant	1,248
No. of businesses that have not drawn down any grant	443
Total available population	805
Potential no. of businesses making an ICT investment (incl. outliers)	470 (58%)
Potential no. of businesses making an ICT investment (excl. outliers)	452
<b>Total investment (excluding outliers N=452)</b>	<b>£4,287,725</b>
<b>Total increase (including outliers N=470)</b>	<b>£6,209,561</b>

### 5.6.2 *Businesses in receipt of ICT Advisory Support (excluding those in receipt of MIS Support)*

The application of the same grossing up methodology to the total number of businesses in receipt of ICT Advisory support (excluding those businesses that subsequently got an MIS grant - N=2,300) suggests that these businesses may have made c. £4.9m in ICT investment following the receipt of eBS support (Table 5.6).

<b>Table 5.6: ICT expenditure by ICT Advisory recipients</b>	
<b>Sample</b>	
No. of businesses receiving ICT Advisory support (excl. MIS) in the survey sample	119
No. of businesses making an ICT investment	53 (45%)
No. of businesses willing and able to quantify the ICT investment	41
Increase in ICT expenditure (N=41)	£996,563
Total increase in ICT expenditure excluding 7 outliers (i.e. N=34)	£259,563
Range in investment made by individual businesses	£150 - £200,000
Mean ICT expenditure excluding outliers (i.e. N=34)	£4,056
Median ICT expenditure excluding outliers (i.e. N=34)	£500
<b>Population</b>	
Total unique businesses receiving ICT Advisory support (excl. MIS)	2,300
Potential no. of businesses making an ICT investment (incl. outliers)	1,024 (45%)
Potential no. of businesses making an ICT investment (excl. outliers)	1,017
<b>Total investment (excluding outliers N=1,017)</b>	<b>£4,126,118</b>
<b>Total investment (including outliers N=1,024)</b>	<b>£4,863,118</b>

### 5.6.3 *Businesses in receipt of E-Solutions Centre Support (excluding those in receipt of ICT Advisory and MIS Support)*

The application of the same grossing up methodology to the total number of businesses in receipt of E-Solutions Centre support (excluding those businesses - N=234) suggests that these businesses may have made c. £701k in ICT investment following the receipt of eBS support (Table 5.7).

<b>Table 5.7: ICT expenditure by E-Solutions Centre visitors</b>	
<b>Sample</b>	
No. of businesses receiving E-Solutions Centre support only in the survey sample	43
No. of businesses making an ICT investment	16 (37%)
No. of businesses willing and able to quantify the ICT investment	5
Increase in ICT expenditure (N=)	£40,300
Range in investment made by individual businesses	£3,800 - £8,000
Mean ICT expenditure excluding outliers (i.e. N=34)	£8,060
Median ICT expenditure excluding outliers (i.e. N=34)	£6,300
<b>Population</b>	
Total unique businesses receiving E-solutions Centre support	234
Potential no. of businesses making an ICT investment	87 (37%)
<b>Total investment</b>	<b>£701,220</b>

### 5.6.4 Summary of gross and net additional ICT Investment leveraged

In summary, the analysis indicates that businesses in receipt of eBS support may have made c. £27m in gross ICT investment, over and above the contributions (that were initially anticipated) towards the completion of MIS projects. The application of activity/programme additionality (64.8%) to the gross level of ICT investment potentially made suggests that the eBS may have directly encouraged businesses to make £17.5m of investment (Table 5.8).

Table 5.8: Summary of investment leveraged			
Support received by the business	Gross investment leveraged	Activity additionality	Net additional investment leveraged
MIS support (at a minimum)	£21,448,269	64.8%	£13,890,999
ICT Advisory support (excl. MIS support)	£4,863,118		£3,149,605
E-solutions Centre support (excl. MIS and ICT Advisory support)	£701,220		£454,146
<b>Total</b>	<b>£27,015,921</b>		<b>£17,494,750</b>

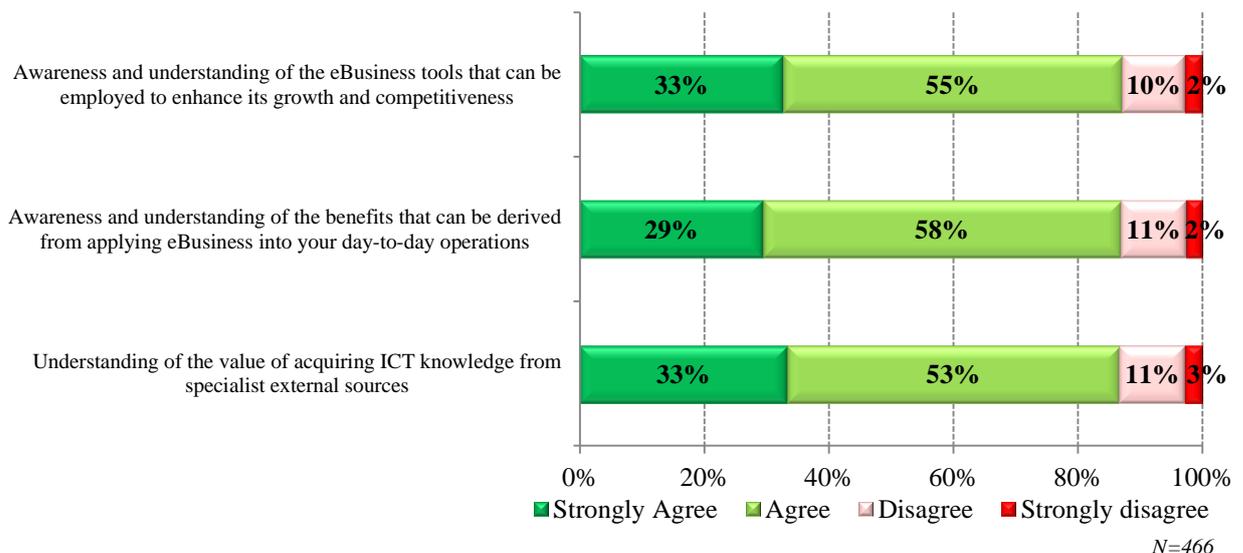
Whilst investment in ICT should not in itself be viewed as a Service related business outcome, it plays an important facilitating role in supporting businesses to increase their levels of ICT business sophistication and realise monetary and non-monetary business outcomes. Furthermore, it is the Evaluation Team’s view that the aforementioned levels of further ICT investment provide a strong indication of the value that businesses see in the support delivered through the Service (see subsection 5.7 for further details).

### 5.7 Businesses’ Awareness and Understanding of the role of ICT and eBusiness

More than four-fifths of businesses (85%+ - N=466) ‘strongly agreed’ or ‘agreed’ that the support provided through the eBS had provided them with a greater:

- Awareness and understanding of the eBusiness tools that can be employed to enhance growth and competitiveness (88% - N=466);
- Awareness and understanding of the benefits that can be derived from applying eBusiness into their day-to-day operations (87% - N=466); and
- Understanding the value of acquiring ICT knowledge from external sources (86% - N=466).

Figure 5.4: Businesses’ Awareness and Understanding of the role of ICT and eBusiness<sup>42</sup>



<sup>42</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey.

On the basis of this feedback it is evident that the Service is actively contributing to addressing the market failures (i.e. asymmetric information) that have historically prevented NI businesses from engaging in these types of business development activities independently of support.

*“After receiving this advice and support through the eBusiness service I am more confident using ICT in business and I now fully understand the benefits that using ICT can bring to the business”.*

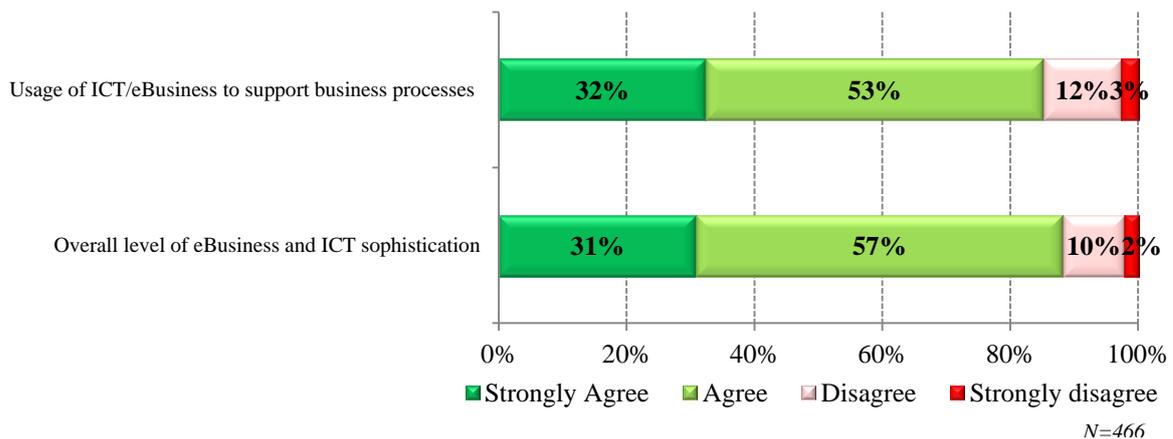
*“I now know the different eBusiness solutions that I can incorporate into the day-to-day operations of my business in order to help me be more efficient”*

**eBS Recipients of support**

### 5.8 Levels of ICT sophistication and usage

Positively, given the overarching aims of the Service, the vast majority of businesses were in agreement that the support provided through the eBS has encouraged them to make greater usage of ICT and eBusiness to support their business processes (85% - N=466) and has increased their overall level of eBusiness and ICT sophistication (88% - N=466).

**Figure 5.5: Levels of ICT Sophistication and usage**



*“ICT has always been a bit of a mind-field for me but the support has increased my knowledge of how to use it more effectively within my day-to-day operations.”*

*“The MIS Grant helped me to invest in hardware and training that we needed to upgrade our systems. The businesses ICT operations are much more sophisticated and are now more actively helping us to carry our core business processes.”*

**eBS Recipients of support**

### 5.9 Achievement of Business Outputs

**Technical Note**

- Caution should be taken when interpreting the scale of the proportion of businesses that derived each output as the nature of outputs that would be derived by a business will vary depending on the nature of the activities that were ultimately implemented by the business (as a result of the eBS support).
- Similarly, in terms of business outcomes (e.g. relating to changes in revenue, costs etc.), a number of businesses reported that, whilst they had derived positive outputs (e.g. increased customer service, communication etc.) it was not possible to quantify the monetary impact that these improvements have made. Difficulties in quantifying the monetary impacts derived by businesses was exacerbated by the lengthy time period (4+ years) between many businesses receiving support through the Service and their engagement in the primary research as part of the current Evaluation. In this regard, the Evaluation Team recommends that Invest NI evaluates any future phase of the Service in a timelier manner.

Business reported deriving a range of outputs as a result of their participation on the eBS including

- Enhanced business processes/operations and management activities;
- Strengthened relationships, for example, with customers and other businesses;
- Increased business efficiencies
- Greater access to markets/customers, for example, as a result of the introduction of new online sales channels;

**Table 5.9: Achievement of Business outputs<sup>43</sup>**

<b>Output achieved</b>	<b>% of businesses</b>
<b><i>Business processes/operations</i></b>	
Increased customer service	54%
Quicker and easier communication	53%
Increased speed and reliability of transactions	47%
Increase flexibility (e.g. through remote access/off site working)	37%
Enhanced supply chain management (including the streamlining of ordering processes)	36%
Increased ability to sell a wider range of stock	29%
Increased hours of operation	19%
<b><i>Relationship Development</i></b>	
Improved relationships with other customers (B2C or ecommerce)	50%
Increased customer satisfaction	48%
Improved relationships with other businesses (B2B)	41%
Improved relationships with other government (B2G)	11%
<b><i>Business Management Activities</i></b>	
Enhanced business information management	48%
Increase business intelligence through a greater sharing of, and access to, information	45%
Enhanced human resource management	17%
<b><i>Business Efficiencies</i></b>	
Improved business efficiencies (e.g. through improved and automation of core business processes)	48%
Reducing inefficiencies in the use of capital and labour e.g. by reducing inventories	35%
<b><i>Access to Markets</i></b>	
Strengthened marketing capabilities and reach (e.g. through increased sales channels, identification and targeting new customers and/or markets)	43%
Access to an increased customer base in domestic markets	38%
Access to an increased customer base in export markets	34%
<b>N=</b>	<b>466</b>

*“Our business was almost exclusively focused on selling our products to local customers and businesses who we have had long track record of working with. However, as a result of the support received, we took the decision to create a company website which has helped us to market our products all over the world. Since introducing it, we have taken orders from as far afield as New Zealand.”*

*“With the help of our Advisor, we introduced an online ordering and payment system which enables us to provide guarantees to our customers on the timescales in which they will receive their orders. We have received considerable positive feedback from other businesses and domestic customers and are in no doubt that the system has secured orders which we would otherwise not have got.”*

*“We updated our management information system and this has greatly enhanced our access to, and analysis of, key business information. We can keep a much closer eye on how the business is performing and are able to run daily printouts on key performance metrics...this has personally saved me considerable time and effort.”*

**eBS Recipients of support**

<sup>43</sup> Feedback provided by those businesses that engaged in the telephone consultations and online survey. It should be noted that 104 individuals did not complete this question. Figures will not sum to 100% as business were able to select more than one response. Caution

## 5.10 Achievement of Business Outcomes

Section 5.10 provides a summary of the monetary and non-monetary outcomes derived by businesses in receipt of eBS support.

### Technical Note

- In assessing the monetary outcomes derived by the total population of businesses, the Evaluation team has applied grossing-up analysis to the feedback provided by the sample of businesses that engaged in the primary research. Given the differing intensities of support provided through the various elements of the Service, for prudence, the grossing up analysis has been undertaken at an intervention/support level;
- For brevity, the Evaluation report provides a summary of outcomes of the grossing up analysis. Further details on our approach to grossing up is provided in Appendix IV; and
- Given the relatively low number of business in receipt of E-solutions and/or Events only support, coupled with the relatively 'light touch' nature of support that was delivered through these elements of the Service, in agreement with Invest NI, grossing-up analysis **has not** been applied to these elements of the Service.

### 5.10.1 Calculation of gross impacts

#### Revenue/Sales

The sample (N=570) of businesses, who were willing and able to quantify the impact of the support on their sales, indicated that they had achieved c £26m of increased sales/revenue (Table 5.10).

**Table 5.10: Number of businesses achieving increased revenue sales in sample**

Support received by the business	N	No. of business achieving the benefit				Total increased revenue (of those able to quantify)
		NI Sales	GB Sales	Export Sales	Total <sup>44</sup>	
MIS Support (at a minimum)	279	123	108	99	171 (61%)	£24,006,533
ICT Advisory support (excl. MIS support)	119	24	21	25	38 (32%)	£665,900
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	12	7	6	12 (28%)	£175,000
Events only attendees	129	47	38	25	61 (47%)	£1,076,100
<b>Total</b>	<b>570</b>	<b>206</b>	<b>174</b>	<b>155</b>	<b>282 (49%)</b>	<b>£25,923,533</b>
		<b>£6,389,000</b>	<b>£10,567,833</b>	<b>£8,966,700</b>	<b>£25,923,533</b>	

The Evaluation Team's grossing up analysis indicates that the total number of businesses, that received eBS support during the period under review, may have potentially derived £179.2m in increased sales/revenue. As noted previously, the E-Solutions and events elements of the Service were not subject to grossing-up analysis given the relatively small number of respondents and the less intensive nature of the support that was provided through these elements of the Service. On the basis of the analysis completed, just over four-fifths (82% or £147.6m) of the increase in sales were derived by those businesses that had received (at a minimum) ICT Advisory and MIS grant support. Positively, just over two thirds (67% or c £121m) of the total increase was potentially achieved in external (40% or c. £71m) and export markets (27% or c. £50m).

<sup>44</sup> On the basis that a business may have derived sales in more than one region, the total number of businesses cannot be calculated by summing the number of businesses that achieved the increase in revenue in each region.

<b>Table 5.11: Summary of the gross sales achieved across all businesses</b>					
<b>Support received by the business</b>	<b>N</b>	<b>NI Sales</b>	<b>GB Sales</b>	<b>Export Sales</b>	<b>Total</b>
MIS Support (at a minimum)	1,248	£50,859,900	£57,812,134	£38,968,360	£147,640,393
ICT Advisory support (excl. MIS support)	2,300	£7,018,698	£12,901,778	£10,436,975	£30,357,451
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	£85,000	£45,000	£45,000	£175,000
Events only attendees	129	£432,300	£352,500	£291,300	£1,076,100
<b>Total</b>	<b>3,720</b>	<b>£58,395,898</b>	<b>£71,111,412</b>	<b>£49,741,635</b>	<b>£179,248,944</b>

## Costs

One-quarter of businesses (25% - N=570) indicated that they had reduced their costs as a result of the support that had been provided with through the eBS. Of these businesses, 32% (N=143) were willing and able to quantify the impact that been made on their business. These businesses suggested that they had made c. £1.1m in cost savings. The average cost savings made by businesses was £8,565 and the median was £5k.

<b>Table 5.12: Number of businesses achieving cost savings in sample</b>							
<b>Support received by the business</b>	<b>N</b>	<b>No. of business achieving the benefit</b>	<b>No. able to quantify the impacts</b>	<b>Total (of those able to quantify)</b>	<b>Range</b>	<b>Mean (excl. outliers)</b>	<b>Median (excl. outliers)</b>
MIS Support (at a minimum)	279	108 (39%)	31	£960,550	£500-£350k	£9,280	£9,000
ICT Advisory support (excl. MIS support)	119	21 (18%)	12	£65,600	£100-20k	£4,145	£2,500
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	1 (2%)	1	£4,000	£4k	£4,000	£4,000
Events only attendees	129	13 (10%)	2	£51,000	£1k-£50k	£1,000	£1,000
<b>Total</b>	<b>570</b>	<b>143 (25%)</b>	<b>46</b>	<b>£1,081,150</b>	<b>£500-£350k</b>	<b>£8,565</b>	<b>£5,000</b>

The Evaluation Team's grossing up analysis indicates that the total number businesses, that received eBS support during the period under review, may have potentially derived c. £5.3m of cost savings. As noted previously, the E-Solutions and events elements of the Service were not subject to grossing-up analysis given the relatively small number of respondents and the less intensive nature of the support that was provided through these elements of the Service. Based on the grossing-up analysis completed, just over two-thirds (67% or c. £3.6m) was potentially derived by those businesses that had received (at a minimum) ICT Advisory and MIS grant support (Table 5.13).

<b>Table 5.13: Summary of the cost savings achieved across all businesses</b>		
<b>Support received by the business</b>	<b>N</b>	<b>Cost savings</b>
MIS Support (at a minimum)	1,248	£3,564,534
ICT Advisory support (excl. MIS support)	2,300	£1,698,421
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	£4,000
Events only attendees	129	£51,000
<b>Total</b>	<b>3,720</b>	<b>£5,317,955</b>

### Employment created

One-fifth of businesses (20% - N=570) indicated that they had increased their employment as a result of the support received through the eBS. Businesses that were willing and able to quantify the impact that the Service had made, suggested that they had increased their staff complement by 72 full-time equivalent employees (FTEs). The mean and median increase in employment was 2 FTEs (Table 5.14).

Table 5.14: Number of businesses achieving cost savings in sample								
Support received by the business	N	No. of business achieving the benefit	No. able to quantify the impacts	FTEs (of those able to quantify)	FTEs >PSM	Range	Mean (excl. outliers)	Median (excl. outliers)
MIS Support (at a minimum)	279	83 (30%)	63	165	111	1-12	2	2
ICT Advisory support (excl. MIS support)	119	15 (13%)	7	14	7	0.5-8	1	1
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	4 (9%)	1	1	-	1	1	1
Events only attendees	129	9 (7%)	1	1	-	1	1	1
<b>Total</b>	<b>570</b>	<b>111 (20%)</b>	<b>72 (65%)</b>	<b>181</b>	<b>118</b>	<b>0.5-12</b>	<b>2</b>	<b>2</b>

The Evaluation Team's grossing up analysis indicates that the total number businesses, that received eBS support during the period under review, may have potentially increased their employment by 855 FTEs. The feedback indicates that potentially 522 (or 61%) of these FTEs had salaries in excess of the NI median salary (of c. £18k or more during the period under review).

Table 5.15: Summary of increased employment across all businesses			
Support received by the business	N	FTEs	No. of jobs > PSM
MIS Support (at a minimum)	1,248	556	374
ICT Advisory support (excl. MIS support)	2,300	297	148
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	1	-
Events only attendees	129	1	-
<b>Total</b>	<b>3,720</b>	<b>855</b>	<b>522</b>

### Employment safeguarded

In addition to the jobs created, c. one-third of businesses in the sample indicated that they had safeguarded employment as a result of the support. Of those that were able to quantify the impact, these businesses indicated that they had safeguarded 427 FTE jobs. The mean number of jobs safeguarded was 2.4 jobs and the median was 2 jobs.

Table 5.16: Number of businesses safeguarding employment in sample							
Support received by the business	N	No. of business achieving the benefit	No. able to quantify the impacts	FTEs (of those able to quantify)	Range	Mean (excl. outliers)	Median (excl. outliers)
MIS Support (at a minimum)	279	128 (46%)	67	391	1-70	3	2
ICT Advisory support (excl. MIS support)	119	25 (21%)	5	6	1-2	2	2
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	5 (12%)	2	3	1-2	1.5	1.5
Events only attendees	129	22 (17%)	4	30	1-20	7.5	4.5
<b>Total</b>	<b>570</b>	<b>180 (32%)</b>	<b>78</b>	<b>427</b>	<b>1-70</b>	<b>3.4</b>	<b>2</b>

The Evaluation Team’s grossing up analysis indicates that the total number businesses, that received eBS support during the period under review, may have potentially safeguarded 2,075 FTE jobs.

<b>Table 5.17: Summary of businesses safeguarding employment</b>		
<b>Support received by the business</b>	<b>N</b>	<b>FTEs</b>
MIS Support (at a minimum)	1,248	1,323
ICT Advisory support (excl. MIS support)	2,300	725
E-solutions Centre support (excl. MIS and ICT Advisory support)	43	5
Events only attendees	129	22
<b>Total</b>	<b>3,720</b>	<b>2,075</b>

### Gross GVA impacts

By way of calculating the gross GVA impacts associated with the eBS, the Evaluation Team applied the current average NI sectoral GVA (of 29.7%<sup>45</sup>) to the calculated increase in turnover and added the calculated decrease in costs that were potentially derived by businesses<sup>46</sup>.

<b>Table 5.18: Calculation of Gross GVA</b>			
	<b>Monetary Impact</b>	<b>Conversion ratio</b>	<b>Gross GVA</b>
Increase in revenue	£179,248,944	29.7%	£53,236,936
Decrease in costs	£5,317,955	N/A	£5,317,955
<b>Total</b>	<b>£184,566,899</b>		<b>£58,554,891</b>

Based on the preceding findings, the Evaluation Team’s analysis suggests that the support delivered by the eBS may have contributed £58.6m in gross GVA to the NI economy.

### Other benefits derived

Positively, business indicated that they had derived a number of other benefits as a result of the support provided through the eBS, with the most frequently cited including:

- Increased productivity/efficiency (49%);
- Improved the skills of your workforce (48%);
- Increased competitiveness (47%);
- Impact on your business’ survival (40%); and
- Resulted in the transfer of knowledge between businesses or individuals (39%).

<b>Table 5.19: Other impacts derived by businesses in receipt of eBS support (N=570)<sup>47</sup></b>	
<b>eBusiness Outcomes</b>	<b>% of business deriving benefit</b>
Entry into new geographic markets	18%
Improved the skills of your workforce	48%
Resulted in the transfer of knowledge between businesses or individuals	39%
Increased competitiveness	47%
Increased productivity/efficiency	49%
Impact on your business’ survival	40%

<sup>45</sup> Source: Northern Ireland Annual Business Inquiry 2012 (December 2013).

<sup>46</sup> GVA can be calculated by summing business EBITDA (calculated by summing operating profit, depreciation and amortisation) and wages and salaries. The analysis assumes that a pound of cost saving is equivalent to a pound of GVA on the basis that it will typically provide a direct impact on a business’ operating profits. The approach to calculating GVA impacts was agreed in conjunction with Invest NI.

<sup>47</sup> Feedback provided by those businesses that engaged in the telephone consultations and online survey

### Anticipated impacts

In addition to the actual outturns achieved to date, businesses that received at a minimum MIS support, also provided an indication of the aggregate anticipated turnover, costs savings and employment impacts that they anticipate occurring over the next three years as a result of the eBS support (Table 5.20).

<b>Table 5.20: Anticipated business' outturn over the next three years – MIS Recipients Only (N=279)</b>	
<b>Turnover</b>	
No of businesses anticipating increase in turnover	128
No of businesses able to quantify increase in turnover	55
Total increase in turnover of those that could quantify	£41,106,447
<b>Cost Savings</b>	
No of businesses anticipating decrease in costs	40
No of businesses able to quantify decrease in costs	7
Total decrease in costs of those businesses that could quantify	£1,066,000
<b>Increase in employment (FTE)</b>	
No of businesses anticipating an increase in employment	98
No of businesses able to quantify increase in employment	52
Total increase in employment of those businesses that could quantify	256

Consultation with businesses indicated that they anticipated the above impacts to be realised on the basis that they would continue to realise benefits as a result of the changes that had been made within their respective organisations.

Whilst caution should be taken in terms of placing reliance on the above figures (given their speculative nature<sup>48</sup>), any positive change in the above metrics will reflect positively on the return-on-investment and associated VFM provided by the Service during the period under review.

#### 5.10.2 Calculation of net additional impacts

### Impact Additionality

The net impact of the eBS support (i.e. its additionality) on recipient businesses' sales, costs, employment or other outturns can only be measured after making allowances for what would have happened in the absence of the intervention. That is, the impact must allow for deadweight. 'Deadweight' refers to outcomes that would have occurred without the intervention.

Please note that given that most evaluations are undertaken some time after an activity is implemented, the Evaluation Team does not consider it appropriate to apply 'activity additionality' to impact measures. The reason being that, in the intervening period any variety of factors (and support interventions) may have had an impact on a business. Therefore, an impact additionality measure was used to ascertain the level of deadweight/additionality relating to business outturns.

The analysis of individual survey responses and application of the same 'participant self-assessment' methodology used to assess 'activity additionality', results in the following levels of 'impact deadweight and additionality'<sup>49</sup>:

<b>Table 5.21: Impact Additionality/deadweight (N=416)<sup>50</sup></b>	
<b>Deadweight</b>	<b>Additionality</b>
39%	61%

<sup>48</sup> Given the speculative nature of the forecasts, the anticipated impacts have not been grossed up to the total population.

<sup>49</sup> See Appendix III for further details.

<sup>50</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey.

The Evaluation Team notes that the level of ‘impact additionality’ (61%) is broadly the same as the level of ‘activity additionality’ (65%) suggesting that the Service has been of equal importance in encouraging businesses to undertake the eBusiness activities as it has in supporting them to ultimately realise any business related outcomes.

Positively, as detailed in the Table 5.22, the Evaluation Team’s benchmarking of the Service’s level of ‘impact additionality’ with other similar interventions shows that the Programme is performing better than these. For example, the level of eBS impact additionality is 10 percentage points higher than for ‘Business Development and competitiveness’ interventions across the UK regions (where it is 50.9%). Similarly, the level of impact additionality is marginally higher than for all types of interventions and programme interventions.

Location	Nature of interventions	Mean Additionality	Mean Deadweight
UK Regional	All interventions	57.0%	43.0%
	Programme interventions only	56.2%	43.8%
	Theme: Business development and competitiveness	50.9%	45.5%
	Subtheme: Individual enterprise support	52.7%	47.3%
NI	<b>eBS</b>	<b>61%</b>	<b>39%</b>

### Displacement

The Evaluation Team has also considered the potential displacement that might be created by the impact of the eBS support. To assess this, we have again utilised a series of questions<sup>52</sup>; the answers to which are assigned a ‘displacement factor’ in both the NI market and the broader UK market.

We have calculated displacement based on two factors:

1. The proportions of the businesses that participants compete with that are based in NI/GB, keeping in mind the markets which their company sells into; and
2. Whether, in the participants’ area of business, market conditions have improved over the period since receiving support.

On an overall level, the Evaluation Team’s analysis suggests that that the displacement factor at the NI level is 16%; whilst at the GB level it is 16%.

The application of the calculated levels of impact additionality and displacement to the previous gross business outcomes suggests that the eBS potentially directly:

- Contributed £30m in net additional GVA to the NI economy;
- Created 438 FTE jobs, 267 of which had salaries in excess of the private sector median; and
- Safeguarded 1,266 FTE jobs.

Metric	GVA	Employment created	Employment safeguarded
Gross impact	£58,554,891	855 FTEs	2,075 FTEs
Less deadweight (39%)	£22,836,407	333 FTEs	809 FTEs
Less displacement (16%)	£5,714,957	83 FTEs	N/A
<b>Net additional impact</b>	<b>£30,003,526</b>	<b>438 FTEs</b>	<b>1,266 FTEs</b>

<sup>51</sup> Source: Research to Improve the Assessment of Additionality (BIS, 2009).

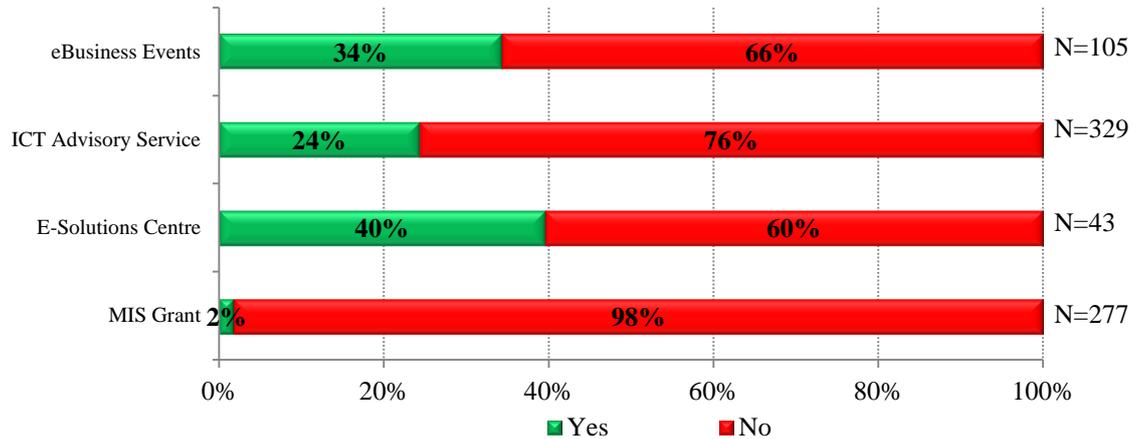
<sup>52</sup> Developed in conjunction with DETI’s Economists.

<sup>53</sup> Figures only relate to actual outcomes derived to date i.e. excludes outturns anticipated to be derived by businesses in the future. On the basis that net additional GVA is a subset of turnover and cost savings these figures have been excluded from the table to avoid the double counting of benefits.

### 5.11 Duplication

The majority of businesses indicated that in the absence of the eBS, they would not have been able to get the same or similar support elsewhere.

**Figure 5.6: Availability of similar support elsewhere<sup>54</sup>**



Whilst the remaining businesses indicated that they would have been able to get the similar support elsewhere, typically from an external consultant or through their local College or Council, the majority of these businesses indicated that they would not be in a financial position to employ this resource.

The Evaluation Team’s review of the broader marketplace, and discussions with Invest NI and key stakeholders, indicates that a number of other interventions were delivered during the period under review which sought to increase NI businesses ICT and eBusiness sophistication. An overview of each of these is provided below.

#### **GO ON NI (DFP)**

Run by the Digital Inclusion Unit, Enterprise Shared Services (ESS) within the Department of Finance and Personnel (DFP), Go ON NI is part of a national initiative to promote a more digitally inclusive society.

Available free of charge to all NI residents (including businesses), Go ON NI provides a range of online resources and events at various locations throughout Northern Ireland with the aim of improving Basic Online Skills (BOS) for individuals, small businesses and charities in NI.

An example of an event provided through Go ON NI was a Google ‘Juice Bar’ event (2014) which was delivered in conjunction with the Ulster University Business School, in partnership with the FSB. The Bar offered free advice and digital support to local business owners in an effort to help small businesses grow by enhancing their use of ‘e-skills’ and the internet e.g. by creating a website and/or marketing their business online.

During this session a member of Google staff provided one-to-one consultations, providing the business with tips, guidance and practical advice on the effective use of Google tools and Ad words to boost their online presence, using the internet to drive their business growth.

<sup>54</sup> Feedback provided by those businesses that engaged in the telephone consultations or online survey.

Whilst some of the topics covered as part of the business focused events appear similar to those provided by Invest NI as part of their events, discussions with both Invest NI and FSB indicate that demand for their respective events remained high during the period under review and was not negatively impacted by the existence of the other intervention. On this basis, it was the view of FSB that the respective intervention complemented one another. Notwithstanding this, the FSB indicated willingness to, where possible, jointly deliver events of a similar nature to their respective members in an effort to minimise costs and reduce any potential for duplication or displacement.

### **Logon NI (DETI)**

Delivered between 2008 and 2013, Logon-NI was a jointly funded initiative by the European Regional Development Fund for Sustainable Competitiveness Programme and DETI which sought to stimulate take-up of broadband within local SMEs and increasing the level of e-business activity undertaken by local SMEs.

Logon-NI provided an advice service including visits/meetings to companies and events/workshops/seminars. Typical content of the visits consisted of information regarding websites, search engine optimisation, information on how to sell online for example via eBay, Amazon, Gumtree. Topics that were covered as part of the events/workshops/seminars was, general ICT advice, e-Marketing, e-selling, and providing businesses with cost/time saving ways to exploit the internet.

### **Export First initiative**

As part of the Northern Ireland Chamber of Commerce Danske Bank Export First Programme, an Ecommerce orientated event was delivered as part of the wider 'Meet the Expert' events. Delivered with the support of a number of guest speakers from businesses including O'Neill's Sportswear, Brixworkwear, Realex Fire, Old Mill Saddlery and The Stove Yard, the event sought to increase business' knowledge of:

- Integrating e-commerce into an existing export strategy;
- Developing your international online presence;
- Methods of payment;
- The challenges of trading online; and
- Managing customer expectations

### **Local Economic Development projects (NI Councils)**

Consultation with Invest NI indicates that a number of local Councils received part funding from Invest NI to deliver a range of local economic development projects, some of which were ICT and/or e-business focused.

However, Invest NI confirmed that during the appraisal stage of the LED projects, any project including an ICT advisory element was reviewed by a member of the eBusiness team to evaluate any potential for displacement/duplication or opportunities for synergies with the Invest NI's eBusiness services. Any element of a LED project that had the potential to cause direct displacement of Invest NI's eBS was amended before the projects were approved. Similarly, where LED projects explicitly included comparable one-to-one advisory services, these targeted non-Invest NI companies removing any opportunity for displacement.

### **Online advice through nibusinessinfo.co.uk (Invest NI)**

Invest NI provides a free online website (nibusinessinfo.co.uk) for businesses in Northern Ireland to access a range of information, support, guidance and services. Under the theme of IT, there are a range of topics and associated content that individual businesses can access, including the following:

Figure 5.24: Support available through nibusinessinfo.co.uk	
Topic Area	Typical Content
Introduction to IT	<ul style="list-style-type: none"> <li>An overview of IT and e-commerce, the basics to computer hardware and software, computer networking, IT security, benefits of email and the internet etc.</li> </ul>
Communications	<ul style="list-style-type: none"> <li>Mobile technology, the essentials of mobile marketing and m-commerce, connecting to the internet, wireless technology etc.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Choose and manage your supplier, choose the right internet service provider etc.</li> </ul>
Software and business applications	<ul style="list-style-type: none"> <li>Cloud computing, accounting software, customer relationship management, benefits of databases, supply chain software, open source software, payroll software, content management systems etc.</li> </ul>
E-commerce	<ul style="list-style-type: none"> <li>Create an online shop, develop an e-marketing plan, generate business from your e-marketing plan, e-marketplaces, online auctions and exchanges, measuring your online marketing etc.</li> </ul>
IT security and risks	<ul style="list-style-type: none"> <li>Securing your wireless systems, IT risk management etc.</li> </ul>
Create and manage a website	<ul style="list-style-type: none"> <li>Best practice in web design, search engine optimisation, maintaining web content and technology, website hosting options etc.</li> </ul>
Data protection and legal issues	<ul style="list-style-type: none"> <li>Comply with data protection legislation, e-commerce and the law, protecting intellectual property, sample IT policies, disclaimers and notices etc.</li> </ul>

In summary, the feedback from businesses, and the Evaluation Team's analysis of other initiatives that existed in the marketplace, indicates that:

- Businesses were unlikely to have been able to derive similar support to investment in, and implementation of, management information systems akin to that available through the MIS Grant element of the eBS;
- Whilst support, akin to the other elements of the eBS (e.g. events, ICT advisory support), were potentially available within the marketplace, the levels of support appear to generally be less intensive to that provided through the eBS. Similarly, these supports tended to be delivered on a more ad-hoc basis and the providers of these interventions have indicated that there was high demand for this support.

On this basis, it is the view of consultees, and shared by the Evaluation Team, that this risk of duplication was minimal and the other initiatives available within the marketplace offered the potential to complement the support delivered through the eBS and vice versa.

## 5.12 Wider and Regional Benefits

Based on the feedback from businesses, the table below provides an overview of the contribution of the Service to delivering wider and regional benefits

Table 5.25: Contribution of the eBS to wider and regional benefits	
Wider benefits	
Knowledge transfers	<p>The analysis suggests that the eBS has supported the transfer of ICT and eBusiness advice, knowledge and expertise both between:</p> <ul style="list-style-type: none"> <li>Providers of the Service (i.e. the ICT Advisors and any guest speaker involved in the events) and employees that directly engaged with the Service; and</li> <li>Employees that directly engaged with the Service and those that did not (through internal knowledge transfer activities).</li> </ul>
Skills development	<p>Related to the previous point, almost half (48%) of all businesses indicated that the support provided through the eBS had developed the skills of their workforce in the area of ICT and eBusiness.</p> <p>Based upon the feedback from businesses engaged in the primary research</p>

	<p>(including the case study businesses), key knowledge and skills developed included:</p> <ul style="list-style-type: none"> <li>• Communication knowledge and skills - Businesses reported that the support has increased their understanding and ability to utilise eBusiness to communicate more effectively with existing and potential customers (B2C) and other businesses (B2B);</li> <li>• Marketing and sales skills - Linked to the previous point, business reported that the support provided through the Service had increased their knowledge and skills of how to market and sell their goods and services to new geographical markets (e.g. through the development of their online presence);</li> <li>• Supply chain management – As note, a number of businesses indicated that the eBusiness support had enhanced their supply chain management (e.g. by streamlining their ordering processes; and</li> <li>• Business management – Businesses reported that the support had contributed to increasing their knowledge of how to use eBusiness/ICT to more effectively manage their business’ operations. For example, a number of businesses indicated that the support had contributed to increasing the ability to effectively manage their employees.</li> </ul>															
Entrepreneurship	<p>As noted, the feedback from businesses indicates that the eBS has directly stimulated additional entrepreneurial activity including the achievement of additional external and export sales. The Evaluation Team’s grossing up analysis indicates that businesses in receipt of eBS support potentially derived £36.4m of net additional external sales and £25.5m of net additional export sales.</p> <table border="1" data-bbox="584 1106 1426 1267"> <thead> <tr> <th></th> <th>External Sale</th> <th>Export Sales</th> </tr> </thead> <tbody> <tr> <td>Gross Sales</td> <td>£71,111,412</td> <td>£49,741,635</td> </tr> <tr> <td>Less deadweight (@39%)</td> <td>£27,733,451</td> <td>£19,399,238</td> </tr> <tr> <td>Less displacement (@16%)</td> <td>£6,940,474</td> <td>£4,854,784</td> </tr> <tr> <td><b>Net additional Sales</b></td> <td><b>£36,437,488</b></td> <td><b>£25,487,614</b></td> </tr> </tbody> </table>		External Sale	Export Sales	Gross Sales	£71,111,412	£49,741,635	Less deadweight (@39%)	£27,733,451	£19,399,238	Less displacement (@16%)	£6,940,474	£4,854,784	<b>Net additional Sales</b>	<b>£36,437,488</b>	<b>£25,487,614</b>
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### 5.13 Case studies

By way of illustrating the impact made by the eBS, the Evaluation Team undertook a number of case studies. Whilst individual case study information can be found in the tables overleaf and Appendix V<sup>55</sup>, the research indicates:

- The eBS provided a tailored suite of support to address the specific ICT needs faced by businesses;
- Businesses were of the view that the support provided through the eBusiness service was of a high standard, allowing them to apply the advice, knowledge and expertise wholly within their business;
- Businesses indicated that the activities taken forward had resulted in key outputs for the business including (but not limited to) improved relationships with other businesses, enhanced supply chain management, increased business intelligence and strengthened marketing capabilities; and
- As a result of the aforementioned improvements, businesses reported a range of monetary and non-monetary impacts, including, increased turnover, reduction in costs, increased expenditure on ICT and increased competitiveness etc.

<sup>55</sup> Please note that the business names have been removed to preserve their anonymity.

<b>Case study 1: Company A</b>	
<b>Sector and Activities</b>	Company A is a market-leader in the development of clinically advanced automated external defibrillators. The company sells to a large market, consisting of the workplace, public access and also home markets. Their clients range from corporate offices, to the military, government organisations and also retailers.
<b>Nature of the support delivered and activities undertaken</b>	<p>Prior to the support received through Invest NI eBusiness Service, Company A was exporting its products internationally and was required to adhere to strict regulations imposed by the markets it was selling into. To adhere to specific regulations relating to the tracking of devices, and support its long terms growth within the US market, a need was identified to introduce an automated electronic system to support the tracking of the products. To address this need, Company A approached their Invest NI Client Executive to ascertain opportunities to address the issues it was facing. Given the nature of the issues being faced, the Company was referred by its Client Executive to the eBS for support.</p> <p>Upon referral, a regional ICT Advisor member undertook two half-day visits to the company premises (through the ICT Advisory element of the Service) to ascertain the issues being faced by the business, provide advice on how the company could address these issues, and identify other forms of support that could be provided through the Service. During 2013/14, Invest NI made an MIS Grant Offer of c. £19.5k towards the total cost (of c. £61k i.e. a grant rate of 32%) of implementing an automated electronic database system to support the tracking of its products. The Company has successfully embedded the electronic system which has ensured its ongoing compliance with the regulations of the various markets that it sells into.</p> <p>Company A expressed a high level of satisfaction with the support received from ICT Advisor, and cited the impartial nature of the advice and support as being a key benefit of the Service. As a result, Company A reported that the advice and support received was ‘very effective’ in terms of supporting it to invest in ICT and that they were able to ‘wholly’ apply the advice, knowledge and expertise that was provided to them. Similarly, the Company welcomed the straightforward nature of applying for financial support and the level of financial support that was ultimately provided to support it to implement the project. In the absence of the support, the Company indicated that it may have made the investment but on a significantly reduced scale which, in the Company’s view, would have diminished the overall quality of the system (vis-à-vis what the company ultimately implemented with the support of Invest NI).</p>
<b>Impact of the support - Outputs</b>	<p>As a result of the implementation of the device tracking database system Company A reported deriving a number of outputs, which have led to benefits for both the company and its customers. For example, Company A noted that the device tracking database system was linked up to various customer relationship management systems within the business, allowing them to enhance their business management activities by a greater sharing of, and access to, information. Specifically, Company A noted that its sales and marketing team were able to access information on when the products were near the end of their operating life, allowing them to contact customers, and encourage them renew/update their products. Company A reported that the implementation of the system has helped increase levels of customer service and customer satisfaction.</p> <p>Prior to the implementation of the device tracking database system, all orders were tracked manually relying solely on manpower. Company A reported that the implementation of the system has allowed the company to become more efficient, allowing members of the quality team to reduce the amount of time they spent processing and tracking orders and allowing them to become more efficient and more proactive in other areas of the business, resulting in improved quality systems.</p> <p>Other outputs that Company A noted they have received due to implementing the new device tracking database system include:</p> <ul style="list-style-type: none"> <li>• Increased speed and reliability of transactions;</li> <li>• Quicker and easier communication; and</li> <li>• Increased ability to sell a wider range of stock.</li> </ul>

<b>Case study 1: Company A</b>	
<b>Impact of the support - Outcomes (Actual and anticipated)</b>	<p>Company A indicated that they have received significant financial benefits from implementing the device tracking database system. These have included:</p> <ol style="list-style-type: none"> <li><b>1. Increase in sales</b> <p>It was reported that since February 2014 the company has increased their sales by £1.45m. (of which £200k was derived in domestic markets , £750k (was in external GB markets) and a further £500k was in export markets). In addition to this, the company anticipates deriving a further £1.4m annually as a result of implementing the device tracking database system in the business. Similarly, Company A noted that its ability to demonstrate that it can now track their orders to end users, has stimulated further interest from potential customer. For example, Company A noted that they recently had a Korean regulator visit the company to view their device tracking database system. Based on the strength of feedback received, Company A is confident that it will soon be able to sell its product into this market.</p> <p>Linked to the above, Company A also indicated that new system had enabled the company to more effectively compete with other international vendors of similar products who had already implemented similar systems within their operations.</p> </li> <li><b>2. Reduction in costs</b> <p>Company A reported that they have derived £250k since February 2014 as the asset tracking website allowed the company to replace their old systems and make them more efficient in terms of labour. The company was able to report that they have reduced the cost of labour in one area of the company, making them more efficient in other areas, as noted above. The company anticipates continuing these cost savings over the next three years, resulting in savings of £750k (i.e. £250,000 on an annual basis).</p> </li> <li><b>3. Employment</b> <p>The company reported that the support provided by the eBusiness service safeguarded 70 FTE within the organisation alongside increasing their total number of employment by 3 FTE (which was intrinsically linked to the increase in sales brought to the company by the implementation of the device tracking database system). The company anticipates their employment will increase by a further 3 FTE's within the next three years. Prior to receiving the MIS grant the company reported that they were selling to 50 countries worldwide, however now they are able to demonstrate they can track their orders to the end users, they are now selling to circa 70 countries worldwide.</p> <p>On an overall basis, Company A stated that it was very satisfied with all of the support, both non-financial and financial, provided through the eBS and noted that without this support through Invest NI the company probably would not have achieved the impacts noted above.</p> </li> </ol>

<b>Case study 2: Company B</b>	
<b>Sector and Activities</b>	<p>Company B has been an established quarry and mineral processor since 1939.</p> <ul style="list-style-type: none"> <li>• Silicone renders and construction mortars to the construction industry - In the late 1980s the company began to focus on the design and manufacture of renders using calcium carbonate lime quarried on site. The render is marketed under a brand name and has since grown from a small, family-run firm into a market leader in the UK and Ireland supplying render to the construction industry. Manufacturing and production facilities are situated at headquarters in Larne, Northern Ireland, with manufacturing operations covering a combined area of over 75 acres, from which they produce in excess of 200,000 tonnes of materials per annum,</li> <li>• Calcium carbonate powders, limestone sands, aggregates and minerals to industry and the agriculture sector; and</li> <li>• Landscaping products (including Natural Stone Paving, Decorative Stone &amp; Gravels, Dashing Aggregates &amp; Grave Décor).</li> </ul>
<b>Nature of the support delivered and activities undertaken</b>	<p>Prior to the company's engagement with the eBusiness Service, the company was using a dated Enterprise Resource Planning (ERP) system which was resulting in the business processes not being as efficient as they potentially could be.</p> <p>Company B was provided with ICT Advisory Support from an Invest NI advisor on a number of occasions between April 2009 and September 2014. The company expressed high levels of satisfaction with the support they received from their ICT Advisor within Invest NI, who provided them with information on ERP systems and provided advice on which system was most suited to their business needs. The company expressed satisfaction with how the ICT advisor was able to tailor the advice and support to meet their specific company needs at that time. Due to their positive experience with their ICT advisor, the company noted there were no recommendations they could suggest in order to improve the service.</p> <p>In the financial year 2011/2012 Company B implemented a new ERP system, with the eBusiness service contributing £25k (circa 15%) towards the overall cost of the project (which equated to circa £166k). The company noted that they were 'very satisfied' with the process of claiming their MIS grant and felt that the draw down time of 18 months that was provided was an appropriate amount of time. Company B indicated that they could not fault the support and advice that was provided by their advisor in Invest NI and would definitely recommend this service to other businesses in need of support to integrate eBusiness and ICT solutions within their business.</p> <p>Company B indicated that the advice and support provided through the eBusiness service has increased the businesses understanding of the various eBusiness tools that they can use to enhance their growth and competitive position, alongside understanding the benefits that the company could achieve from applying eBusiness into its day-to-day operations.</p>
<b>Impact of the support - Outputs</b>	<p>Company B reported that the fully integrated ERP system helped improve communication within the business. Specifically, the company has been able to integrate the ERP system with other customer relationship management (CRM) systems within the business, providing all employees with the ability to access management information within the business. The system also allowed the company to enhance their ordering processes on the basis that the business can now establish the progress of orders and intervene (where needed) if an order is behind schedule. The integration of the ERP system with the CRM systems provides the company with better visibility of customer orders across the business. This enables the company to collaborate between various departments within the business quicker and more efficiently. This quicker communication between departments in the company allows them to offer their customers same day delivery. Customers can now place their order with the company before 12pm and the order will be processed and distributed for delivery by 5pm on the same day.</p> <p>The fully integrated system within the business has led to an increase in efficiencies/reduction in inefficiencies within the business. The ERP system now allows for single data entry, one central database with no duplication of data, within the business and therefore has reduced staff time on data entry. This has resulted in the staff</p>

	<p>now having time to be more efficient in other areas of the business. This in turn has resulted in the company being able to increase the volume of business they can undertake, without having to increase their workforce. The company noted that implementing the ERP has also allowed the company to improve their relationship with other businesses; due to being electronic data interchange (EDI) ready. The EDI electronic communication method allows the company to electronically exchange documents, with other businesses, resulting in quicker and easier communication.</p>
<p><b>Impact of the support - Outcomes (Actual and anticipated)</b></p>	<p>Company B noted that in addition to the outputs noted above, it has also increased their sales from the implementation of the fully integrated ERP system.</p> <p>The company noted that the implementation of an ERP system helped the company to handle more transactions, increasing the volume of business, resulting in an increase in their sales. Company F reported that they have had an increase in their sales in the Northern Ireland market to date however have not seen an increase in their sales in other markets. The company reported that they have increased their sales by circa £500,000 to date, all of which is attributed to the implementation of the ERP system which allowed it to become more efficient, allowing them to increase the volume of sales they could process.</p> <p>Although the company reported they have become more efficient, Company B indicated that they have not made any reductions in their costs to date. Company F also reported that due to the online ordering system, they have been able to increase their productivity, alongside increasing their competitiveness by providing their customers with fast same day delivery. The company indicated that as they are now using a more up to date ERP system, they would ‘strongly agree’ with the statement that the eBusiness service increased their ICT sophistication. Company B highlighted that in the absence of receiving this support through the eBusiness service, and specifically implementing the ERP system, they probably would not have achieved the outputs or financial impacts noted above.</p>

## 5.14 Summary Conclusions

Based on the feedback from businesses in receipt of support, the following key conclusions can be drawn with regards to the impact made by the eBS during the period under review:

- Reflecting the high quality of the support that was provided through the eBS, the majority of businesses indicated that they had integrated the eBusiness advice, knowledge and expertise that they had gained through the Service;
- Levels of activity (65%) and impact (61%) additionality should be viewed positively (especially when benchmarked against other programmes/interventions) indicating that the eBS has played a strong role in encouraging business to engage in eBusiness development activities and subsequently realise benefits from the activities they have implemented;
- The analysis indicates that the majority of businesses would not have taken forward the eBusiness activities (or would have taken the activities forward to a different scale and/or timescale) due to full (7%) or partial market failure factors (53%), typically in the form of asymmetric information.
- The majority of businesses were in agreement that the support provided through the eBS had provided them with (amongst other things) a greater awareness and understanding of the eBusiness tools that can be employed to enhance growth and competitiveness, as well as increasing their understanding of the benefits that can be derived from applying eBusiness into their day-to-day operations. Therefore, it is evident that the Service is actively contributing to addressing the market failures (i.e. asymmetric information) that have historically prevented NI businesses from engaging in these types of business development activities independently of support;
- Businesses reported deriving a range of outputs as a result of the activities they implemented following their engagement with the service including: enhanced business processes/operations and management activities, strengthened relationships with customers and other businesses; increased business efficiencies and greater access to markets/customers;
- The eBS has directly contributed to leveraging £17.5m in private sector ICT investment. Whilst this further investment in ICT should not in itself be viewed as a Service related business outcome, it has played an important facilitating role in supporting businesses to increase their levels of ICT business sophistication and realise monetary and non-monetary business outcomes. Furthermore, it is the Evaluation Team's view that the aforementioned levels of further ICT investment provide a strong indication of the value that businesses see in the support delivered through the Service;
- Positively, given the overarching aims of the Service, the vast majority of businesses were in agreement that the support provided through the eBS has encouraged them to make greater usage of ICT and eBusiness to support their business processes and has increased their overall level of eBusiness and ICT sophistication;
- From a monetary perspective the analysis suggests that the eBS has directly:
  - Contributed £30m in net additional GVA to the NI economy;
  - Created 438 FTE jobs, 267 of which had salaries in excess of the private sector median; and
  - Safeguarded 1,266 FTE jobs.
- The feedback from businesses also indicates that the support has assisted them to realise a number of non-monetary benefits including (but not limited to) increasing levels of productivity and competitiveness and supporting business' survival;
- Levels of displacement have been calculated at 16% at both an NI and GB level;
- The majority of businesses suggested that they would not have been able to get similar support elsewhere. Based on its analysis, the Evaluation Team concludes that the risk of the eBS duplicating other similar initiatives was minimal during the period under review; and
- The eBS has contributed to providing the NI economy with a number of other wider and regional benefits including knowledge transfers, skills development and enhanced entrepreneurship.

## 6. ACHIEVEMENT OF OBJECTIVES

### 6.1 Introduction

Section 6 examines the progress made towards the SMART objectives that were established for the Service.

### 6.2 Overview and progress towards eBS targets

Per Invest NI's Terms of Reference, four targets were established for the eBS for the period under review. Based on monitoring information and feedback from businesses and key stakeholders, Table 6.1 provides an analysis on the degree to which the targets have been achieved.

<b>Table 6.1: Progress towards targets</b>		
<b>Target</b>	<b>Target Achievement</b>	<b>Commentary</b>
Provide support to 900 e-business projects over the 2011-15 period <sup>56</sup>	<b>Target on track to be achieved</b>	Per Section 3, between April 2011 and March 2015, Invest NI made 1,104 MIS grant offers, totalling c. £9.8m of financial assistance towards total project costs of £28.8m.  Based upon monitoring information provided by Invest NI, as at August 2015, 723 businesses have drawn down c. £5.2m of assistance. However, on the basis that business have up to 18 months to draw down their grant, a full assessment on the degree to which the Service will achieve the target can only be made at September 2016. Notwithstanding this, the Evaluation Team concludes that the Service is making positive progress towards the achievement of the target.
Provide financial support where necessary to encourage Invest NI companies to invest in ICT to improve their competitiveness	<b>Target achieved</b>	As noted, where deemed relevant, Invest NI has provided financial support to Client businesses, through the MIS grant element of the Service, to enhance their competitiveness.  More than four-fifths (81% - N=147) of MIS recipients indicated that they had increased their competitiveness as a result of the support received.
Encourage and develop the sophistication of ICT within SMEs in NI	<b>Target achieved</b>	Per Section 5, the vast majority of businesses were in agreement that the support provided through the eBS has encouraged them to make greater usage of ICT and eBusiness to support their business processes (85% - N=466) and has increased their overall level of eBusiness and ICT sophistication (88% - N=466).
Provide impartial ICT advice to help SMEs make best use of ICT within their business to help them grow and export	<b>Target achieved</b>	During the period under review, a total of 5,222 businesses received advice through the eBS events, ICT Advisory Service and E-solutions. As noted in Section 4, the majority of business expressed a high level of satisfaction with the quality of advice received, with businesses and wider stakeholders (e.g. CEs) citing its impartiality as being a key strength of the Service.

In summary, three of the four targets have been achieved and positive progress is being made towards the final target.

<sup>56</sup> Per Invest NI's 2011-2015 Corporate Plan, this target was initially set at 600 e-business projects but was increased to 900 project to reflect the anticipated increase in Service activity as a result of the introduction of the Boosting Business Campaign. Consultation with Invest NI indicates that 'e-business projects' relates to the MIS grant element of the Service.

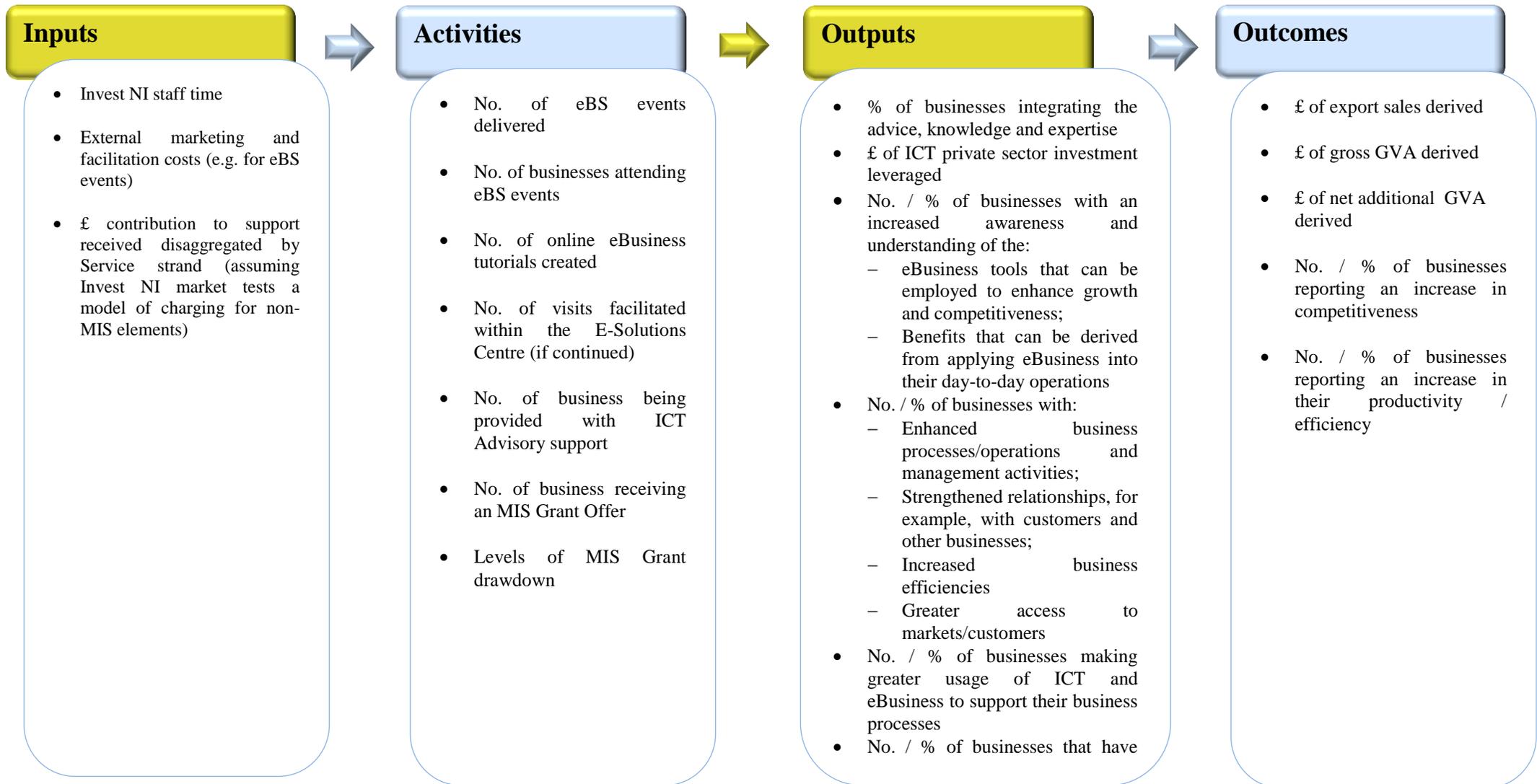
### 6.3 Reasonableness of Targets established

Notwithstanding the positive progress that has been made towards the targets that were established for the Service, by way of supporting future post project evaluation, the Evaluation Team recommends that greater emphasis is placed upon establishing a more appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are more intrinsically focused and linked with the overarching aims and anticipated outcomes of the Service.

Whilst the nature and quantification of any targets should be established within an independent economic appraisal for any future phase of the Service, Figure 6.1 (overleaf) provides an overview of the nature of targets that should be considered as part of this Appraisal.

The quantification of all targets should be based on the evidence from the current evaluation as well the levels of client-facing delivery time available within Invest NI's eBusiness team, bearing in mind their other activities, roles and responsibilities (e.g. time dedicated to CPD). Where possible, focus should be placed upon establishing the baseline position of each business prior to receiving eBS support. Invest NI should ensure that targets are set for the full duration of any future phase of the Service (rather than a given period, as was the case for certain targets that were established for the period under review).

Figure 6.1: Aligning SMART objectives to the eBS logic chain



## 7. BENCHMARKING

### 7.1 Introduction

As part of the research process, the Evaluation Team has benchmarked the support provided through the Invest NI eBS against similar programmes delivered by Enterprise Ireland (e-Marketing Improvement Assignment), Scottish Enterprise (Strategic Business IT advice), Business Wales (e-Business Support Package) and Danish Technological Institute and DELTA (Innovation Centre for e-Business). This section provides a summary of the Evaluation findings, with a detailed description on each of the benchmarked interventions provided as Appendix VI.

Table 7.1: Benchmarking Analysis					
Category	Invest NI	Enterprise Ireland (EI)	Scottish Enterprise (SE)	Business Wales (BW)	Danish Technological Institute and DELTA
	eBusiness Service	e-Marketing Improvement Assignment	Strategic Business IT Advice	E-Business Support Package	Innovation Centre for e-Business (IBIZ Centre)
Established	2002 (similar elements available through legacy organisations)	2011	2010	2012	2007
Eligibility	<p>All elements of the Service (events, E-solutions Centre, ICT Advisory Service and MIS grant support), are open to Invest NI Clients that are SMEs.</p> <p>With the exception of MIS grant support, SMEs within the wider business base was able to access the support through the Service.</p>	<p>E-marketing Improvement Assignment is available to all businesses regardless of their size, albeit the precise nature of the support depends on each businesses 'client' status (discussed further below).</p>	<p>The Strategic Business IT advice is available to all sizes of businesses that are:</p> <ul style="list-style-type: none"> <li>• Account managed Clients; and</li> <li>• Growth pipe-line Clients.</li> </ul> <p>Businesses that do not satisfy this criteria are managed and supported through its partner, the Business Gateway.</p>	<p>The E-Business Support Package is available to SMEs operating in one of the following industry sectors:</p> <ul style="list-style-type: none"> <li>• ICT;</li> <li>• Energy and environment;</li> <li>• Manufacturing and Advanced materials;</li> <li>• Creative industries;</li> <li>• Life Sciences;</li> <li>• Financial and professional services; and</li> <li>• Tourism</li> </ul>	<p>Support open to all Danish SMEs.</p>

**Table 7.1: Benchmarking Analysis**

Category	Invest NI	Enterprise Ireland (EI)	Scottish Enterprise (SE)	Business Wales (BW)	Danish Technological Institute and DELTA
	eBusiness Service	e-Marketing Improvement Assignment	Strategic Business IT Advice	E-Business Support Package	Innovation Centre for e-Business (IBIZ Centre)
Support Available	<ul style="list-style-type: none"> <li>• <b>E-Solutions Centre</b> – SMEs are provided with up to 2 visits to the Centre to receive hands-on experience of new ICT hardware and software technologies and advice on how these can be integrated within the business.</li> <li>• <b>eBS events</b> – SMEs can attend events which seek to increase business’ understanding of the nature and benefits of eBusiness, as well as provide practical advice on how to integrate the advice within the business.</li> <li>• <b>ICT Advisory Service</b> - Export-focused SMEs (both Invest NI clients and the wider business base) are able to receive up to 2 half days of general or project specific eBusiness advice from an ICT Advisor</li> <li>• <b>MIS Grant</b> – Grant support is available (between £1.5k and £25k or a maximum of 40% of project costs) to Invest NI Client businesses to support the investment in, and implementation of, management information systems.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Internet Marketing Maturity questionnaire</b> - Every business is required to undertake an internet marketing maturity questionnaire prior to receiving funding. This questionnaire establishes the businesses’ stage of Internet Marketing sophistication to establish an initial baseline for post project evaluation;</li> <li>• <b>Information and Events</b> - Events provide businesses with information surrounding topics such as, SEO and Pay per Click Advertising.</li> <li>• <b>Digital Marketing Strategy workshop</b> – Business are able to attend a workshop to assist them in developing a digital marketing strategy.</li> <li>• <b>Funding for an e-Marketing Improvement Assignment</b> - The e-Marketing Improvement Assignment is designed to assist internal senior managers or external consultants to complete a ‘significant’ strategic e-Marketing project.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advice</b> - Business can avail of impartial advice, on potential ICT solutions that could be implemented to meet business need, from a member of the ICT team within SE.</li> <li>• <b>Feasibility Study financial support</b> - Business can avail of funding towards the cost of a feasibility study which identified specific ICT solutions required by the business and the benefits that would be derived from their implementation.</li> <li>• <b>Project implementation funding</b> - On completion of the feasibility study, further funding is available to contribute towards the cost of implementing the ICT project once.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Online Tutorials</b> – Business Wales has historically provided online tutorials providing information on how businesses can benefit from applying ICT and eBusiness within their operations. Topics covered within the tutorials have included: selling online, automating stock control and managing remote workers.</li> <li>• <b>ICT diagnostic</b> – Eligible businesses are able to avail of an ICT diagnostic which helps them to identify areas of ICT they can improve upon, providing information on the anticipated benefits from implementing various ICT solutions.</li> <li>• <b>Comprehensive e-Business support</b> - Having completed the diagnostic, businesses work in conjunction with an external consultant to identify and implement appropriate ICT solutions to enhance its operational effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Events/ workshops</b> - External expertise delivers a series of workshops providing information on various topics including: online sales, cloud computing, general ICT and electronic invoicing.</li> <li>• <b>Online portal of information for businesses</b> - The online portal allows businesses to avail of information on various eBusiness topics (e.g. online marketing, social media, web and ecommerce).  Businesses are able to complete an online questionnaire to determine their levels of ICT sophistication and needs, with business specific recommendations being provided.</li> </ul>

**Table 7.1: Benchmarking Analysis**

Category	Invest NI	Enterprise Ireland (EI)	Scottish Enterprise (SE)	Business Wales (BW)	Danish Technological Institute and DELTA
	eBusiness Service	e-Marketing Improvement Assignment	Strategic Business IT Advice	E-Business Support Package	Innovation Centre for e-Business (IBIZ Centre)
Model of Delivery	Per Section 1, the eBS is delivered internally by a team of ICT Advisors. Guest speakers are utilised, as and when required, as part of the specific eBS events.	<p>Like the eBS, EI are largely responsible for overseeing the delivery of the intervention.</p> <p>Internet Marketing Unit staff are responsible for administering the Marketing Maturity questionnaire. These staff are supported by Development Advisors who are responsible for administering grant applications.</p> <p>EI staff is also responsible for delivering 6 events each year, 3 of which are delivered in conjunction with the Irish Internet Association.</p> <p>An external organisation, Ionology, delivers the Digital Market Strategy workshop.</p> <p>The funding for the e-marketing assignment is provided by EI but is delivered by an external consultant or, if deemed appropriate, by an internal project champion within the company.</p>	<p>Impartial advice is delivered by a member of the ICT team within SE. Similar to Invest NI's appraisal procedures, Scottish Enterprise undertake an internal appraisal on each application for funding and evaluate how critical the support and funding is to the business.</p> <p>The ICT feasibility study is undertaken by an external consultant/mentor. The business is responsible for identifying and selecting the consultant/mentor.</p> <p>The funding for the implementation of an ICT project is provided by the SE but delivered by an external consultant. By way of assessing the reasonableness of costs, businesses are required to provide three quotations from suppliers before selecting their supplier.</p>	<p>The ICT diagnostic are administered internally by a member of the Business Wales ICT team (consisting of 4 FTEs).</p> <p>The funding provided with the comprehensive eBusiness support is provided through Business Wales, but the project is implemented by an external consultant/mentor who can be recommended by Business Wales from a pool of approved Advisors.</p>	<p>The events are facilitated by the IBIZ centre; however they are delivered by an external specialist who the IBIZ centre appoints.</p> <p>The online support is wholly delivered by the Centre's staff (which consists of 6 FTEs).</p>

**Table 7.1: Benchmarking Analysis**

Category	Invest NI	Enterprise Ireland (EI)	Scottish Enterprise (SE)	Business Wales (BW)	Danish Technological Institute and DELTA
	eBusiness Service	e-Marketing Improvement Assignment	Strategic Business IT Advice	E-Business Support Package	Innovation Centre for e-Business (IBIZ Centre)
Participation Costs / Grant Available	<p>Support available through the eBS Events, ICT Advisory Service and E-solutions Centre are available free of charge.</p> <p>Grant support is available (between £1.5k and £25k or a maximum of 40% of project costs, whichever is the lesser) to Invest NI Client businesses. Businesses are required to contribute the remainder of MIS project costs.</p>	<ul style="list-style-type: none"> <li>• <b>Internet Maturity Questionnaire</b> - Free of charge</li> <li>• <b>e-Marketing Improvement assignment external consultant costs</b> - Maximum of 50% of consultancy costs up to €35,000 based on up to 20 days at €900 p/d, 21-40 days at €700 and any other days at €600 p/d.</li> <li>• <b>e-Marketing Improvement assignment internal project champion</b> Maximum support is up to €20,000 i.e. 100 days salary to a maximum daily rate of €200.</li> <li>• <b>Events</b> - €55 per person per event (delivered by EI).</li> <li>• <b>Events delivered by EI and IIA</b> - Free for EI clients and €50 for non EI clients</li> <li>• <b>Digital Marketing Strategy workshop</b> - €300 per business with 3 employees eligible attend the workshop</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advice</b> - Free of charge</li> <li>• <b>Feasibility Study financial support</b> - 50% funding up to £5,000 (whichever is the lesser)</li> <li>• <b>Project implementation funding</b> - On average the SE provide between 30%-50% of the total overall costs of implementing the ICT project. It was noted during consultation with SE that this funding depends on an individual basis including their size and financial circumstances. Ineligible costs include hardware, off-the-shelf software and software licensing.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ICT Diagnostics</b> – Fee of charge</li> <li>• <b>Comprehensive e-Business Support</b> - Up to 66% of consultancy costs. No hardware or software costs are supported.</li> </ul>	<p>There is no participation fees for eligible businesses to receive support provided through the IBIZ centre.</p>
Levels of activity	<p>On a pro-rated basis the eBS delivered the following annual activity:</p> <ul style="list-style-type: none"> <li>• 525 business attendances undertaken by 293 unique business at 15 eBS events</li> <li>• 63 business visits undertaken by 57 unique businesses to the E-solutions centre</li> <li>• 981 ICT Advisory Interventions delivered to 584 unique businesses</li> <li>• 208 unique businesses in receipt of 251 MIS Grant Offers. c. £2.3m in support offered towards c. £6.9m in total project costs.</li> </ul>	<p>Estimated annual activity of:</p> <ul style="list-style-type: none"> <li>• 50 businesses receiving funding for an e-Marketing improvement assignment.</li> <li>• 300 businesses attendances at 3 events</li> <li>• 280 businesses attendance at 3 events ran in conjunction with the Irish Internet Association;</li> <li>• 21 businesses attendance at 7 Digital Marketing Strategy workshops ran externally by Ionology, in conjunction with Enterprise Ireland</li> </ul>	<p>Estimated annual activity of:</p> <ul style="list-style-type: none"> <li>• 550 businesses receiving free objective advice;</li> <li>• 220 businesses receiving ICT project support and subsequent funding for implementation of project.</li> </ul>	<p>No information available</p>	<p>The IBZ Centre estimates Estimated annual activity of:</p> <ul style="list-style-type: none"> <li>• 2,500 businesses in attendance at 40 events; and</li> <li>• 400,000 visits to the online portal of information.</li> </ul>

**Table 7.1: Benchmarking Analysis**

Category	Invest NI	Enterprise Ireland (EI)	Scottish Enterprise (SE)	Business Wales (BW)	Danish Technological Institute and DELTA
	eBusiness Service	e-Marketing Improvement Assignment	Strategic Business IT Advice	E-Business Support Package	Innovation Centre for e-Business (IBIZ Centre)
Programme cost	c. £2m in actual Programme costs paid by Invest NI per annum with a further £2.5m contributed by the private sector per annum towards their respective MIS project(s).	<ul style="list-style-type: none"> <li>c. €1m per annum (excluding staffing costs). EI was unable to state the salary costs associated with this programme. The IMU team is made up of 2 full time equivalent EI staff and are supported by Development Advisors and Grant processing colleagues.</li> </ul>	<ul style="list-style-type: none"> <li>c. £2.5m per annum (excluding staffing costs). On average 220 businesses receiving funding of circa £10,500. SE was unable to state the salary costs associated with this programme. The team is made up of 11.5 FTE.</li> </ul>	<ul style="list-style-type: none"> <li>C. £1m (£550k staffing costs and £450k in consultancy fees)</li> </ul>	<ul style="list-style-type: none"> <li>£500k. This cost covers staffing costs, facilitating events, online subscription of their portal and rental costs of the IBIZ centre.</li> </ul>

## 7.2 Summary Conclusions

Salient points to note from the benchmarking analysis include:

- For additionality purposes, support is primarily focused on supporting SMEs across each of the respective regions. However, a number of regions also provide support to large businesses who are typically ‘clients’ of the economic development organisation;
- The nature of support that is available to individual businesses varies depending on the size of business and its Client status;
- Like the eBS the benchmarked regions provides varying intensities of support. Typically these supports include: diagnostic tools to determine levels of ICT sophistication and business need, workshops and events to raise awareness of the benefits of implementing ICT and various eBusiness solutions; advice (delivered by internal staff or external consultants) and funding to implement an ICT/eBusiness project. Two of the four benchmarks (E-Business Support Package and IBIZ Centre) also deliver support through online fora. As noted previously, Invest NI should explore opportunities to deliver support online to businesses through, for example, online ICT/eBusiness tutorials. This would potentially be a cost effective means of addressing the eBusiness and ICT needs of both Client businesses and the wider business base.
- Unlike the eBS, the benchmarked regions utilise external consultants/mentors (which are eligible costs) to deliver support. Similarly, unlike the eBS, there is a strong emphasis on supporting businesses to oversee and implement the more intensive forms of advisory project support;
- The quantum of financial support provided through each of the benchmarking regions is broadly in line with that provided through Invest NI eBS service. Enterprise Ireland provide up to 50% of consultancy costs up to €35,000, circa, £25,000. The Scottish Enterprise provides on average 30%-50% per project costs, which varies depending on an individual basis;
- Businesses availing of financial support through Enterprise Ireland e-Marketing improvement assignment are allowed a maximum of 2 grant claims, which must be differentiated by market or product. There is no limit on how many times a business can receive funding through Scottish Enterprise Strategic business IT advice and Business Wales e-Business Support package, however businesses cannot make more than one grant claim per year through the Business Wales e-Business support package; and
- With the exception of the support available through the IBIZ centre all other benchmarks require businesses to contribute towards the more intensive forms of support they receive.

## 8. PROGRAMME FINANCE

### 8.1 Introduction

Section 8 examines the costs associated with administering the eBS during the period under review. In doing so, the section also examines the return-on-investment and value-for money (VFM) that has been delivered by the Service to date.

### 8.2 Proposed versus Actual Costs

#### 8.2.1 Budgeted Costs

Consultation with Invest NI indicates that the Innovation and Technology Solutions Division bid for the eBS budget on an annual basis. As part of this bid, annual budget cover was sought for anticipated MIS grant drawdown (for both grant offers made during the period under review and those carried forward from previous years<sup>57</sup>) and the costs of facilitating eBS events and visits to the E-solutions centre. The total anticipated cost of delivering the Service during the period under review was c. £7.9m (Table 8.1) excluding Invest NI staff time.

<b>Financial Year</b>	<b>Events and E-solutions Centre</b>	<b>MIS Grant<sup>58</sup></b>	<b>Total</b>
2009/10	£25,000	£355,000	£380,000
2010/11	£25,000	£1,320,000	£1,345,000
2011/12	£25,000	£1,300,000	£1,325,000
2012/13	£27,000	£1,200,000	£1,227,000
2013/14	£25,000	£1,700,000	£1,725,000
2014/15	£25,000	£1,875,000	£1,900,000
	<b>£152,000</b>	<b>£7,750,000</b>	<b>£7,902,000</b>

However, to facilitate post project evaluation, and in-line with NIGEAE, emphasis should be placed on establishing the anticipated annual full economic cost of delivering the Service over a given period. In doing so, this should include

- All internal Invest NI staff time;
- The costs associated with delivering each element of support including the anticipated costs that would be contributed by the private sector (in relation to the MIS grant element of support)

Please note, in the event that a model of charging businesses for non-MIS elements is introduced, the anticipated level of annual income that would potentially be derived should also be identified.

<sup>57</sup> As noted, businesses have typically had up to 18 months to draw down their respective MIS grants.

<sup>58</sup> For comparative purposes, during the Evaluation process Invest NI excluded the anticipated drawdown for MIS grant offers prior to the period under review.

### 8.2.2 Actual Costs

As detailed in Table 8.2 the total cost incurred by Invest NI to deliver the eBS during the period under review was c. £11.8m.

Table 8.2: Actual Invest NI eBS Costs incurred						
Financial Year	Events	E-solutions Centre	MIS Grant <sup>59</sup>	Invest NI staff time		Total
				eBS Team	CCMU	
2009/10	£20,196	£1,000	£462,000	£624,862	£9,756	£1,117,814
2010/11	-	£3,000	£1,167,000	£619,599	£10,033	£1,799,632
2011/12	£9,378	£2,000	£1,142,000	£577,260	£10,303	£1,740,942
2012/13	£46,626	£1,000	£1,467,000	£652,626	£10,558	£2,177,810
2013/14	£53,546	£2,000	£1,710,000	£617,542	£10,843	£2,393,931
2014/15	£54,117	£1,000	£1,904,000	£607,891	£11,118	£2,578,126
	<b>£183,863</b>	<b>£10,000</b>	<b>£7,852,000</b>	<b>£3,699,781</b>	<b>£62,611</b>	<b>£11,808,255</b>

Salient points to note include:

- Two-thirds of total Invest NI costs related to MIS grant drawdown, which was marginally (1.3% or £102k) higher than anticipated;
- Total Invest NI staff costs equated to 32% or c. £3.8m of total Service costs; and
- The cost of delivering eBS events and facilitating the E-solutions centre (c. £194k) was 28% higher than anticipated.

The inclusion of the private sector contribution (of £15,238,708) towards the MIS project costs indicates that **the full economic costs of delivering the eBS during the period under review was c. £27.1m.**

### 8.3 GVA Return-on-investment

Given the level of net additional GVA (i.e. £30,003,526) indicates that return on investment<sup>60</sup> was:

- £1:£2.54 based on the costs to Invest NI; or
- £1:£1.11 when examined on a full economic cost basis

### 8.4 Cost Effectiveness

In the absence of an economic appraisal and/or associated casework documentation, anticipated cost effectiveness indicators were not identified for the eBS.

Other indicators of cost effectiveness calculated by the Evaluation Team include:

Table 8.3: Cost effectiveness indicators		
	Based on costs to Invest NI (£11.8m)	Based on full-economic costs (£27.1m)
Cost per business supported (N=5,222)	£2,261	£5,180
Cost per pound of net additional further ICT investment leveraged (£17,494,750)	£1.48	N/A

<sup>59</sup> Actual MIS spend relates to MIS Grant offers made during the period under review. That is to say, the figures exclude any drawdown relating to offers made prior to April 2009.

<sup>60</sup> Return-on-investment is based on actual outcomes derived to date i.e. excludes outturns anticipated to be derived by businesses in the future.

## 8.5 Value-for-Money

Based on the preceding analysis, it is the Evaluation Team's view that the **eBS delivered value-for-money during the period under review**. More specifically, this view is based on each of the following inter-related factors.

Table 8.2: Summary of Value for Money					
VFM Indicator	Conclusion				
<b>Strategic Fit</b>	<p>In-line with the strategic imperatives of the NI Government, that existed during the period under review, the Evaluation Team's analysis indicates that the eBS has positively contributed to increasing:</p> <ul style="list-style-type: none"> <li>• Businesses' confidence in using ICT to (amongst other things) trade online, seize technological opportunities and increase revenues in domestic and international markets;</li> <li>• Business' capability and confidence to make the most of the digital age;</li> <li>• The skills of NI's workforce;</li> <li>• Levels of innovation and business growth; and</li> <li>• Businesses' ability to compete within the global economy.</li> </ul>				
<b>Need &amp; Market Failure</b>	<p>The approval for the delivery of the eBS was granted based upon the positive findings detailed within the 2009 Evaluation of the Service. This evaluation concluded the Service had (amongst other things) contributed to increasing the levels of ICT sophistication, productivity and competitiveness of NI's business base and had delivered VFM in respect of the investment that had been made in the Service.</p> <p>Allied to this, research existed that indicated a number of market failures (including asymmetric information and risk aversion) combined to prevent businesses from implementing measures to increase their levels of ICT and eBusiness sophistication.</p> <p>Based upon the research findings (including the calculated levels of additionality and market failure) the Evaluation Team concludes that there is sufficient evidence to indicate that there is a continued need for Invest NI to provide support to NI businesses through the eBS.</p>				
<b>Additionality</b>	<p>Levels of activity (65%) and impact (61%) additionality should be viewed positively (especially when benchmarked against other programmes/interventions) indicating that the eBS has played a strong role in encouraging business to engage in eBusiness development activities and subsequently realise benefits from the activities they have implemented.</p>				
<b>Duplication and complementarity</b>	<p>The Evaluation Team concludes that the risk of the eBS duplicating other support was minimal. This is supported by the feedback from recipients of support; the majority of whom suggested that, in the absence of the eBS, they would not have been able to get similar support elsewhere. Indeed, it is the Evaluation Team view that the Service complemented a number of other initiatives that existed in the marketplace during the period under review.</p>				
<b>Economy Efficiency and Effectiveness</b>	<table border="1"> <thead> <tr> <th>Indicator</th> <th>Evaluation Team's Commentary</th> </tr> </thead> <tbody> <tr> <td>Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost</td> <td> <p>Whilst an Economic Appraisal or Casework was not completed for the Service for the period under review, the Evaluation Team understands that the Innovation and Technology Solutions Division was required to bid for its annual eBS budget. This required Invest NI to demonstrate (amongst other things) a continued need for the Service.</p> <p>In addition, we note that each MIS grant application was internally appraised and subject to approval prior to Invest NI committing support.</p> </td> </tr> </tbody> </table>	Indicator	Evaluation Team's Commentary	Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost	<p>Whilst an Economic Appraisal or Casework was not completed for the Service for the period under review, the Evaluation Team understands that the Innovation and Technology Solutions Division was required to bid for its annual eBS budget. This required Invest NI to demonstrate (amongst other things) a continued need for the Service.</p> <p>In addition, we note that each MIS grant application was internally appraised and subject to approval prior to Invest NI committing support.</p>
Indicator	Evaluation Team's Commentary				
Economy measures are concerned with showing that the appropriate inputs (i.e. the resources used in carrying out the project) have been obtained at least cost	<p>Whilst an Economic Appraisal or Casework was not completed for the Service for the period under review, the Evaluation Team understands that the Innovation and Technology Solutions Division was required to bid for its annual eBS budget. This required Invest NI to demonstrate (amongst other things) a continued need for the Service.</p> <p>In addition, we note that each MIS grant application was internally appraised and subject to approval prior to Invest NI committing support.</p>				

**Table 8.2: Summary of Value for Money**

VFM Indicator	Conclusion										
	<p><b>Efficiency</b> relates to measures that are concerned with achieving the maximum output from a given set of inputs</p>	<p>In the absence of an economic appraisal and targets relating to the activity that was anticipated to be delivered across all elements of the Service, the Evaluation Team is unable to conclude as to whether Invest NI achieved the maximum outputs from a given set of inputs.</p> <p>Moving forward, the Evaluation Team recommends that levels of anticipated activities should be based upon the levels of client-facing delivery time available within Invest NI’s eBusiness team, bearing in mind their other activities, roles and responsibilities (e.g. time dedicated to CPD).</p>									
	<p><b>Effectiveness</b> measures are concerned with showing the extent to which aims, objectives and targets of the project are being achieved</p>	<p>Three of the four targets have been achieved and positive progress is being made towards the final target.</p> <p>Notwithstanding the positive progress that has been made towards the targets that were established for the Service, by way of supporting future post project evaluation, the Evaluation Team recommends that greater emphasis is placed upon establishing a more appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are more intrinsically focused and linked with the overarching aims and anticipated outcomes of the Service.</p>									
<p><b>Cost effectiveness</b></p>	<p>In the absence of an economic appraisal and/or associated casework documentation, anticipated cost effectiveness indicators were not identified for the eBS.</p> <p>The level of net additional GVA (i.e. £30,003,526) indicates a return on investment of:</p> <ul style="list-style-type: none"> <li>• £1:£2.54 based on the costs to Invest NI; or</li> <li>• £1:£1.11 when examined on a full economic cost basis.</li> </ul> <p>Other indicators of cost effectiveness calculated by the Evaluation Team include:</p> <table border="1" data-bbox="464 1485 1441 1704"> <thead> <tr> <th></th> <th>Based on costs to Invest NI (£11.8m)</th> <th>Based on full-economic costs (£27.1m)</th> </tr> </thead> <tbody> <tr> <td>Cost per business supported (N=5,222)</td> <td>£2,261</td> <td>£5,180</td> </tr> <tr> <td>Cost per pound of net additional ICT investment leveraged (£17,494,750)</td> <td>£1.48</td> <td>N/A</td> </tr> </tbody> </table> <p>It is the Evaluation Team’s view that this return-on-investment level should be viewed positively, especially given the fact that (as noted), the scale of the outputs and outcomes derived by businesses will have varied considerably depending on the nature of the activities that were ultimately implemented by the business. It is also noted that the Evaluation Team has taken, in its view, a prudent assessment of the economic impact made the Service which has involved:</p> <ul style="list-style-type: none"> <li>• Excluding the E-solutions and/or Events from the grossing up analysis given the relatively low number of business in receipt of E-solutions and/or Events <u>only</u> support, coupled with the relatively ‘light touch’ nature of support that was delivered through these elements of the Service;</li> <li>• Excluding outliers in the grossing up analysis (and subsequently re-including these to</li> </ul>			Based on costs to Invest NI (£11.8m)	Based on full-economic costs (£27.1m)	Cost per business supported (N=5,222)	£2,261	£5,180	Cost per pound of net additional ICT investment leveraged (£17,494,750)	£1.48	N/A
	Based on costs to Invest NI (£11.8m)	Based on full-economic costs (£27.1m)									
Cost per business supported (N=5,222)	£2,261	£5,180									
Cost per pound of net additional ICT investment leveraged (£17,494,750)	£1.48	N/A									

**Table 8.2: Summary of Value for Money**

VFM Indicator	Conclusion
	<p>estimate the overarching impact of the Service); and</p> <ul style="list-style-type: none"> <li>Excluding the benefits anticipated to be derived by businesses in receipt of support.</li> </ul>
<p><b>Economic Efficiency test results</b></p>	<p>From a monetary perspective the analysis suggests that the eBS has <u>directly</u>:</p> <ul style="list-style-type: none"> <li>Contributed £30m in net additional GVA to the NI economy;</li> <li>Created 438 FTE jobs, 267 of which had salaries in excess of the private sector median; and</li> <li>Safeguarded 1,266 FTE jobs.</li> </ul> <p>The feedback from businesses also indicates that the support has assisted them to realise a number of non-monetary benefits including (but not limited to) increasing levels of productivity and competitiveness and supporting business' survival. Furthermore, the eBS has contributed to providing the NI economy with a number of other wider and regional benefits including knowledge transfers, skills development and enhanced entrepreneurship.</p>

## 9. CONCLUSIONS & RECOMMENDATIONS

### 9.1 Introduction

The section presents the Evaluation Team's key conclusions and recommendations arising from the evaluation process.

### 9.2 Conclusions

#### 9.2.1 *Strategic Context and Rationale*

The approval for the delivery of the eBS was granted based upon the positive findings detailed within the 2009 Evaluation of the Service. This evaluation concluded the Service had (amongst other things) contributed to increasing the levels of ICT sophistication, productivity and competitiveness of NI's business base and had delivered VFM in respect of the investment that had been made in the Service.

Allied to this, research existed that indicated a number of market failures (including asymmetric information and risk aversion) combined to prevent businesses from implementing measures to increase their levels of ICT and eBusiness sophistication.

Based upon the research findings (including the calculated levels of additionality and market failure) the Evaluation Team concludes that there is sufficient evidence to indicate that there is a continued need for Invest NI to provide support to NI businesses through the eBS.

#### 9.2.2 *Operation and Delivery*

The eBS is based around the delivery of tailored one-to-one and/or one-to-many advice and, where necessary, financial assistance to support businesses to embed/update their Management Information Systems. In doing so, the Service sought to increase businesses' awareness and confidence in using ICT and eBusiness, and ultimately their levels of ICT sophistication. The Service was managed and delivered internally within Invest NI (by the eBusiness Team) who drew upon external expertise (as part of the eBS events), as and when required.

A total of 5,222 unique businesses received support through the eBS during the period under review. The intensity of the support that was ultimately delivered was tailored to business' specific needs. For example, the analysis suggests that:

- There were 3,151 employee attendances from 1,761 unique businesses at 91 eBS events;
- 344 unique businesses visited the E-Solutions Centre on 387 occasions.
- 5,511 ICT Advisory interventions were delivered by Invest NI's ICT Advisors to 3,505 unique businesses;
- Invest NI made 1,509 offers of MIS grant assistance over the period to 1,248 unique businesses. The value of MIS grant offers totalled c. £13.9m which equated to circa one-third (34%) of total anticipated project costs (which were c. £41.3m). The mean MIS grant offered during the period was c. £9.2k, whilst the median was £6k. Just over two-thirds of grants offered (68% - N=1,509) were £10k or less;
- Total actual MIS grant drawdown to date is c. £7.9m, which was 57% of the total offer of assistance. The mean level of drawdown (to date) was c. £5.2k and the median was £2.7k. In the event that this outstanding grant is fully drawn down by these businesses the total level of drawdown would potentially be £9.97m. However, in the event that a similar historical level (66%) is drawn down, for those businesses still eligible to drawdown their respective MIS grants, indicates that the total MIS grant drawdown would potentially be £9.17m.

Businesses are, in main, highly satisfied with the support that was delivered through the eBS in terms of its structure, the quality of advice provided, the duration of support, as well as the levels of financial assistance that are currently available through the MIS Grant element of the Service.

Whilst the majority (50%+) of businesses indicated that they were satisfied with the support provided through the E-solutions Centre, relatively large proportions of businesses expressed dissatisfaction through this element of the Service. For example, more than one-fifth (20%+) of businesses indicated that they were dissatisfied or very dissatisfied with the quality and relevance of advice that was provided during the visit, the range of new technologies that were demonstrated, as well as their relevance to their business and opportunities to gain hands-on experience in using the technologies. Allied to this, based on its discussions with Invest NI, the Evaluation Team understand that E-solutions support was deemed to be, in general, less frequently required during the period under review as:

- ICT solutions became less niche and more commoditised; and
- Businesses' knowledge and awareness of the types of solutions available to them, as well as approaches to integrate these, significantly increased as a result of an increased availability of information in the public domain (especially from on online support forums, Nibusinessinfo.co.uk guidance and other sources of free information online); and
- Specific advice required by businesses was able to be delivered through the eBusiness events and as part of wider support being delivered through the ICT advisory element of the Service.

Given the reduction in demand for E-Solutions support, the ability to provide support through other elements of the Service and relatively lower levels of satisfaction with this element of the Service, it is the Evaluation Team's view that consideration should be given to the continued need for this element of the Service.

Reflecting the quality of the support received and subsequent impact that it made on recipients of support, the vast majority of businesses suggested that the support was effective in meeting their needs, would be willing to recommend this support to others and a significant proportion of businesses would be willing to pay for the support in the future (if they required similar support again).

Given the levels of demand for the eBS, business' high levels of satisfaction with the support and the positive contribution of the Service to the NI economy, the Evaluation Team would suggest that Invest NI's overall approach to risk management was robust and proportionate.

Based upon monitoring information provided by Invest NI, the actual full economic cost of delivering the eBS during the period under review was c. £27.1m, 44% (or £11.8m) of which were contributed by Invest NI, and the remainder (£15.3m) were provided by the private sector (as part of their respective MIS projects).

### 9.2.3 *Performance and Impact*

Based on the feedback from businesses in receipt of support, the following key conclusions can be drawn with regards to the monetary and non-monetary economic impact made by the eBS during the period under review:

- Reflecting the high quality of the support that was provided through the eBS, the majority of businesses indicated that they had integrated the eBusiness advice, knowledge and expertise that they had gained through the Service;
- Levels of activity (65%) and impact (61%) additionality should be viewed positively (especially when benchmarked against other programmes/interventions) indicating that the eBS has played a strong role in encouraging business to engage in eBusiness development activities and subsequently realise benefits from the activities they have implemented;

- The analysis indicates that the majority of businesses would not have taken forward the eBusiness activities (or would have taken the activities forward to a different scale and/or timescale) due to full (7%) or partial market failure factors (53%), typically in the form of asymmetric information.
- The majority of businesses were in agreement that the support provided through the eBS had provided them with (amongst other things) a greater awareness and understanding of the eBusiness tools that can be employed to enhance growth and competitiveness, as well as increasing their understanding of the benefits that can be derived from applying eBusiness into their day-to-day operations. Therefore, it is evident that the Service is actively contributing to addressing the market failures (i.e. asymmetric information) that have historically prevented NI businesses from engaging in these types of business development activities independently of support;
- Business reported deriving a range of outputs as a result of the activities they implemented following their engagement with the service including: enhanced business processes/operations and management activities, strengthened relationships with customers and other businesses; increased business efficiencies and greater access to markets/customers;
- The eBS has directly contributed to leveraging £17.5m in private sector ICT investment. Whilst this further investment in ICT should not in itself be viewed as a Service related business outcome, it has played an important facilitating role in supporting businesses to increase their levels of ICT business sophistication and realise monetary and non-monetary business outcomes. Furthermore, it is the Evaluation Team's view that the aforementioned levels of further ICT investment provide a strong indication of the value that businesses see in the support delivered through the Service;
- Positively, given the overarching aims of the Service, the vast majority of businesses were in agreement that the support provided through the eBS has encouraged them to make greater usage of ICT and eBusiness to support their business processes and has increased their overall level of eBusiness and ICT sophistication;
- From a monetary perspective the analysis suggests that the eBS has directly:
  - Contributed £30m in net additional GVA to the NI economy;
  - Created 438 FTE jobs, 267 of which had salaries in excess of the private sector median; and
  - Safeguarded 1,266 FTE jobs.
- The feedback from businesses also indicates that the support has assisted them to realise a number of non-monetary benefits including (but not limited to) increasing levels of productivity and competitiveness and supporting business' survival;
- Levels of displacement have been calculated at 16% at both an NI and GB level;
- The majority of businesses suggested that they would not have been able to get similar support elsewhere. Based on its analysis, the Evaluation Team concludes that the risk of the eBS duplicating other similar initiatives was minimal during the period under review; and
- The eBS has contributed to providing the NI economy with a number of other wider and regional benefits including knowledge transfers, skills development and enhanced entrepreneurship.

#### 9.2.4 Return-on-Investment and VFM

Given the level of net additional GVA (i.e. c. £30m), the cost to Invest NI (£11.8m) and the full economic cost (£27.1m) of delivering the Service indicates that return on investment was:

- £1:£2.54 based on the costs to Invest NI; or
- £1:£1.11 when examined on a full economic cost basis.

It is the Evaluation Team's view, based upon all available evidence, that the eBS delivered VFM in respect of the costs incurred, during the period under review.

#### 9.2.5 Equality Considerations

The Evaluation Team has identified no negative equality impacts, and considers the Service to be accessible to all Section 75 groupings and people with disabilities.

### 9.3 Recommendations

1. Given the reported positive impacts that the eBS has had on businesses and the wider NI economy, and evidence of continued need for support, Invest NI should continue to provide support through its eBS. In doing so, Invest NI should commission an independent economic appraisal for a future phase of the Service and ensure that all appropriate approvals are sought in a timely manner to ensure the continuity in the provision of support to NI's business base.
2. Given the reduction in demand for E-Solutions support, the ability to provide support through other elements of the Service and the relatively lower levels of satisfaction with this element of the Service, consideration should be given to the continued need for this element of the Service.
3. Greater emphasis should be placed upon establishing a more appropriate mix of Specific, Measurable, Achievable, Realistic and Time-bound (SMART) activity, output and outcome targets which are more focused and linked with the overarching aims and anticipated outcomes of the Service.

The quantification of all targets should be based on the evidence from the current evaluation as well the levels of client-facing delivery time available within Invest NI's eBusiness team, bearing in mind their other activities, roles and responsibilities (e.g. time dedicated to CPD). Where possible, focus should be placed upon establishing the baseline position of each business prior to receiving eBS support. Invest NI should ensure that targets are set for the full duration of any future phase of the Service (rather than a given period, as was the case for certain targets that were established for the period under review).

4. Invest NI should ensure that Client businesses are being provided with appropriate wraparound support in order to improve the effectiveness and impact of the eBS support. In doing so, the needs of Client Businesses should be robustly explored at the 'diagnosis' stage of the interaction between the Client Business and its Client Executive. Where additional opportunities exist to enhance the wraparound support being provided to businesses, to enhance the eBS support being delivered, these should be highlighted to the business' Client Executive at the point of referral to the Service.
5. Consideration should be given to introducing a model for charging for the non-MIS elements of support available through the eBS as part of the Economic Appraisal of any future phase of the Service. In doing so the Appraisal should robustly examine the merits and demerits of introducing charging. Any model of charging that is adopted should fully align with any agreed corporate framework to minimise any operational and reputational risk.
6. Linked to Recommendation 5, on the basis that the market failure argument for supporting businesses on more than two occasions is likely to be weak, consideration should be given to:
  - Capping the number of occasions in which a business should be permitted to avail of eBS support and/or
  - Reducing the levels of financial contribution available to repeat MIS grant recipients; and/or
  - Increasing the contribution required by repeat users of the Service (if a model of charging is introduced).

7. By way of enhancing delivery, opportunities to deliver eBS support online to businesses through, for example, online ICT/eBusiness tutorials should be explored.
8. Whilst noting the Invest NI has placed effort to monitor information relating to the Service's inputs, activities, outputs and outcomes, this information should be collated more robustly in order to provide more effective Service management information and assist with future evaluation. In this regard, the Evaluation Team recommends that Invest NI reviews its procedures for monitoring and recording Service activity. All information monitored should be, at a minimum, intrinsically linked to the SMART objectives that are established for the Service.
9. Linked to Recommendation 8, Invest NI should categorise that nature of advice that is provided through the Service in order to better analyse the nature of demand (through the nature of RDS' being raised by CEs).
10. Given the advisory nature of the support delivered through the eBS, and the rapidly evolving nature of ICT, Invest NI should ensure that appropriate time and finance is available to support the CPD needs of its ICT Advisors.
11. By way of aiding post programme evaluation, Invest NI should ensure to evaluate the Service in a timelier manner.
12. Invest NI should review its procedures for marketing the Service to external stakeholders.
13. By way of minimising the duplication of support, opportunities to jointly deliver ICT and eBusiness orientated support should be explored.