

European Union Grants Advisor Spain

Spanish Small Businesses Receive the Funds to Build Knowledge-Based Economy

One of Europe's best-improving economies, Spain has succeeded in attracting major multinational investments over recent years. The country's economic model is based largely on mass tourism, the construction industry, and manufacturing. However, to guarantee long-term sustainable growth, Spain is transitioning from a traditional to a knowledge-based economy. Spain aspires to join the ranks of the world's high-tech producers, and encouraging the growth of innovative small and medium-sized enterprises (SMEs) is critical to this goal.

The advent of the European Union (EU) created many opportunities for member states, such as Spain, that will help cement economic stability. More than 20 million SMEs currently conduct business in the 25 EU member states, employing in excess of 122 million people. The European Council strongly believes that these smaller companies and the investment in IT that they encourage, can play a key role in the creation of dynamic local economies.

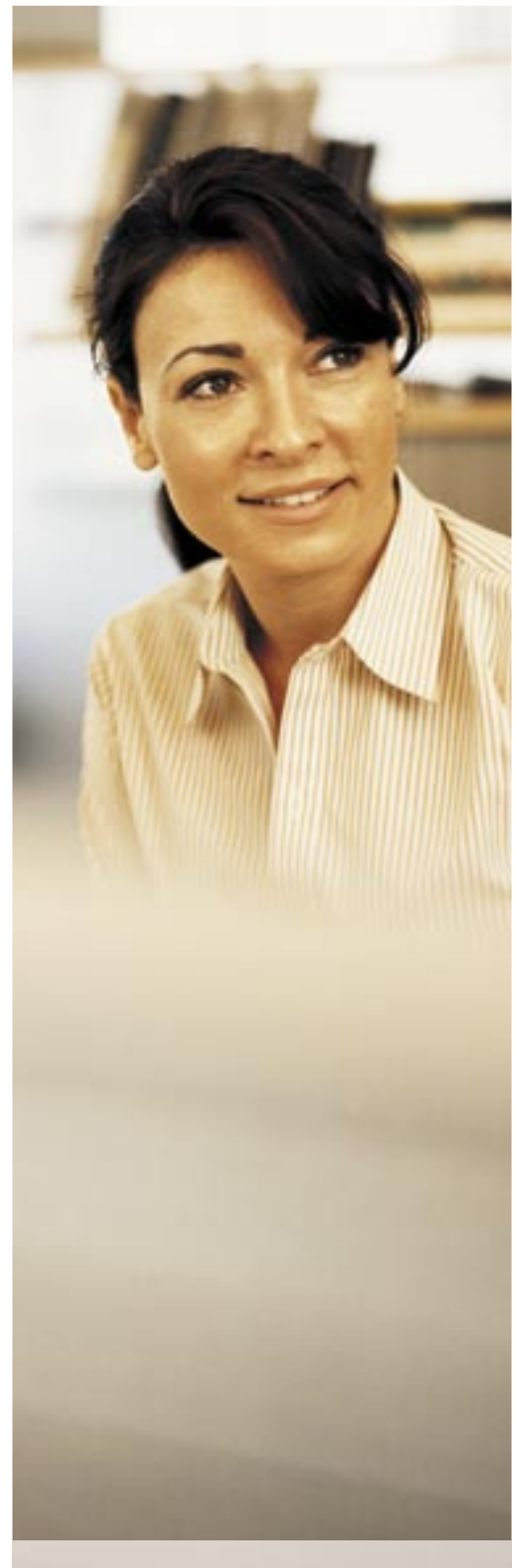
To this end, in March 2000 the European Council, part of the EU, developed what became known as "the Lisbon Agenda", with a goal of making Europe the most competitive and dynamic knowledge-based economy in the world by 2010. The Lisbon Agenda put in place an overall strategy for the EU aimed at promoting economic growth, fostering competitiveness and job creation, and advancing structural and regulatory reform. As part of this strategy the EU, as well as national, regional, and local governments, have set up thousands of grants to channel funds to SMEs. In total, an estimated €117 billion (U.S.\$141 billion) is available to SMEs across the region for technology-related investment. The overall objective is to assist SMEs in realising their untapped potential, while enhancing

employment opportunities, and creating a competitive landscape to drive economic growth.

Microsoft® shares the goals of the European Council: to harness technology for social and economic progress. With this in mind, Microsoft, in partnership with HP and Intel, launched the EU Grants Advisor (EUGA) programme to provide SMEs and local and regional governments (LRGs) with guidance and the resources to increase their awareness on funding opportunities. EUGA supports the Lisbon Agenda's intention to increase partnerships between industry, government, and customers.

Spain was one of the first countries to pilot this initiative through a programme called Banespyme. Banesto Bank, in partnership with Microsoft, a local telecommunications company Telefónica, and HP, established Banespyme to raise awareness among SMEs about funding opportunities for which they could be eligible. In addition, the Spanish Ministry of Industry, through the EU Structural Funds programme, provided €200 million (U.S.\$242 million) to Banesto to encourage SMEs to invest in IT as part of the Tech Loan scheme. The conditions of a Tech Loan is based on a zero per cent interest rate.

Jose Montilla, Minister of Industry, Tourism, and Trade, Spain, says SMEs constitute a key element of the Spanish economy. "There is a need for innovative SMEs that take advantage of the opportunities that information and communications technology brings, to become more competitive. It is an ambitious goal, but I am convinced the Tech Loan scheme, part of the Banespyme programme aimed at spurring SMEs to apply for EU grants, will be a crucial contributor to achieving this objective."



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Francisco Ros, Secretary of State for Telecommunications and the Information Society, Spain, said: "Thanks to the public-private partnership a great deal of companies have benefited from the Banespyme initiative in just six months. This would have been much more difficult had this cooperation not existed."

Angel Mañas, Small Business Manager, Microsoft Spain, added: "There are many benefits to be realised from a public-private partnership. Private companies, such as Banesto, Microsoft, Telefónica, and HP bring a level of specialisation that would ordinarily be too complex and expensive for a government to develop and implement alone. These companies bring years of experience gained from working within the industry. They also have a wide distribution network, so can draw upon the most appropriate support mechanisms to increase productivity and competitiveness."

Reinforcing this view, a survey among Banespyme beneficiaries revealed a significant increase in the percentage of companies that are receiving funding, as a result of a better understanding of grant specifications. After six months, from January 2005 to July 2005, more than 15,000 SMEs in Spain benefited from the Tech Loan initiative. The combined total value of funding issued in that time frame was €200 million (U.S.\$242 million).

More than 80 per cent of the companies received the loan in less than two weeks, and of those more than 22 per cent in under a week. According to the survey results, 100 per cent of those that received the grant considered this project suited to their needs. Around 75 per cent of the beneficiaries stated they would invest further in IT solutions and 36 per cent indicated they would not have made an investment in technology if they had not received this loan.

Quota, a market research company in Spain, is one such example of an SME to benefit from Tech Loan. In 2005, the research company acquired new office premises, and needed to invest in new furniture and technical equipment to outfit the building. As a market research

company, a robust and reliable voice and data network was also critical to the business.

When Quota investigated its funding options, its trusted banking partner, Banesto Bank, suggested the Tech Loan programme. Quota's financial needs were analysed by Banesto, the leading consortium member, to investigate the costs of implementing hardware and software. Banesto granted the market research company the funds to implement these IT projects.

The loan secured by Quota is an example of a 'non-grant' project that required Quota to only supply a pro-forma bill to justify the investment. Quota repays the loan with zero per cent interest.

The funding allowed the SME to invest in:

- Infrastructure to support a voice and data network, including cables, a switchboard, and a voice mail server.
- Desktop computers, complete with Microsoft Windows XP Professional Edition, for the information workers.

Jesús Perán López, Managing Director, Quota has seen first hand the benefits this technology has made. "Compared to other financing options for this investment, the technology loan programme provided many advantages, as we weren't required to pay any interest on top of our loan. Because the programme is designed so that we deal directly with the bank, our choice of technology was not influenced by any of the industry stakeholders involved in the consortium. We were able to invest in the technology solution best suited to our needs."

Investing in technology can not only improve the productivity of SMEs, but can also lead to a robust and dynamic economy in Spain. The aim of the Banespyme programme is not only to show Spanish SMEs how technology contributes to increasing productivity, but underpins Spain's overall objective of developing a knowledge-based economy. An organisation such as Quota Research, is just one SME of many to benefit from the Tech Loan initiative. In the long-term, these SMEs will assist Spain in making the knowledge-based economy a reality.



Fast Facts

URL:

www.microsoft.com/spain/empresas/asesor_ayudas/home.aspx

Country

Spain

Profile

SMEs in Spain represent a majority driving force behind the local economy.

Situation

Many SMEs were unaware that they were eligible for funding assistance, which could support their technology investments.

Solution

EUGA, an initiative developed in partnership with public and private entities, raised awareness and understanding of EU funds among small and medium-sized enterprises (SMEs) and local and regional governments (LRGs).

Benefits

- More than 15,000 companies have benefited in Spain in just six months, with a combined total value of €200 million (U.S.\$245.5 million).
- More than 80 per cent received the loan in less than two weeks, of which more than 22 per cent of applicants received it in under a week.
- 100 per cent of successful grant applicants were happy with the loan and the administrative process associated.
- SMEs drive increased growth in the local economy, establishing a solid foundation for future prosperity countrywide.

Contact:

For more information please contact Microsoft Corporate Affairs, or visit the Web site: www.microsoft.com/emea/euga