

Digital Transformation of SMEs

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Background of SMEs' Digital Transformation





Industrial Paradigm Shift in the age of 4th Industrial Revolution

IT-based Production Revolution

- Smart manufacturing, intelligent robots, etc

Platform-based Service Revolution

- Contactless online distribution, sharing services, etc



- Digital transformation of SMEs – An essential prerequisite to survive in the Age of Digital Economy



Low Level of Digital Transformation for SMEs

Lack of Awareness of Digitalization

- Small business owners who adapted digital technology **18.4%**

Lack of Need for Digitalization

- Willingness to adapt digital technology **31.5%**

Reasons for Not Introducing Digital Technology

- Lack of staff/knowledge 42%, lack of money 22%



- Need for gradual assistance from government

Introduction of SEMAS' Digital Transformation Programme for SMEs





Reduce costs and labor intensity, and innovate business management by distributing relevant smart technologies to SMEs

Support Scale



- Support 7,000 stores per year (Target: support 48,000 stores by 2027)

Support Target



- Shopping district and stores

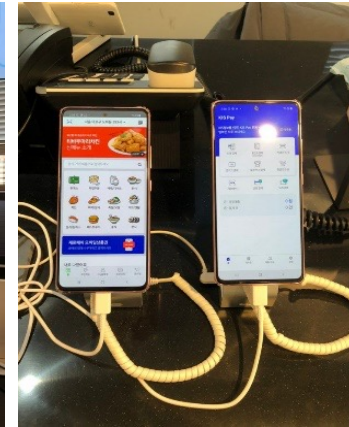
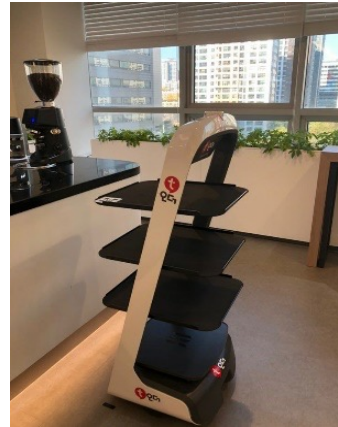
Support Items



- Smart technology suitable for restaurants, service sector, wholesale and retail: smart orders, kiosks, digital signage, serving robots, table orders, smart mirrors

Pictures

- Serving robots
- AI scanner
- Smart orders



Good Examples

Spella Hair Shop (in Honseong, Chungcheong Province)

Increase in customer satisfaction and sales by approximately 20% by allowing customers to virtually experience and decide the hairstyle they want themselves through a smart mirror





Facilitate manual production processes by introducing automated devices to small business owners, and support data collection through dissemination of smart technologies

Support Scale



- Support 600 stores per year (Target: support 17,000 stores by 2027)

Support Target



- Small business owners (Manufacturers with less than 10 workers)

Support Items



- Consultation with specialists, automated production facilities, software for production management
- Automated solutions for Order → Production → Sales process management
- Business performance: 13% increase in sales and 35% increase in production



Ease the management burden of SMEs by realizing near-0% payment transaction fees in today's high-cost domestic payment market centered on credit cards through the dissemination of a mobile simple payment system ('Zero Pay') using fintech technology

Support Scale



- Accumulated franchises: 1.4 million

Support Items



- Burden of small business owners reduced by applying a 0 to 0.5% payment transaction fee (depending on sales volume)
- A QR kit providing access to 'Zero Pay' is provided upon applying to be a franchise

Payment Method

- ✓ **Establishment of Zero Pay Infrastructure:** Expand user-base of franchises and enhance consumer accessibility through distribution of QR kits and readers

MPM Payment



Distribution of
QR kits

CPM Payment



Distribution of
QR readers



[Education] Enhance the ability to utilize online sales channels through online sales training for SMEs – cultivation of small business owners that specialize in e-commerce

Support Scale



- **[e-learning]** Educational support for 10,000 small business owners or early-stage start-ups
- **[Online Specialized Universities]** Educational support for 1,000 students by 10 designated universities nationwide

Content



- **[e-learning]** Practical online training on Online Commerce & Marketing
- **[Online Specialized Universities]** Education on E-commerce Theory and hands-on education utilizing university education infrastructure: Launching stores at home and abroad (Naver, Amazon, Alibaba)



[O2O] Support small business owners faced with the challenges of entering the online market by providing access to O2O platforms to run their business and use related services

Support Scale



▪ **[O2O] 20,000 companies**

* What is O2O? (Online to Offline)

Services that connect businesses and consumers who sell goods in the real-world to run their business online (e.g. delivery apps, second-hand transactions)

Content



- **Customized support based on O2O platform's characteristics, such as promotional fees, advertising fees, and delivery fees**

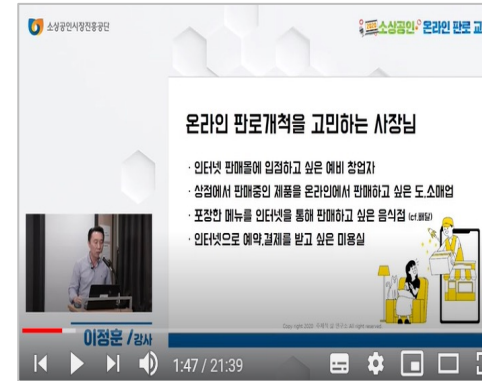
Pictures



(O2O) Mobile Brochure



(O2O) Support for disseminating Platform Advertisements



(Education) Online educational videos

Good Example

Ddabok Ddabok (Restaurant in Dong-gu, Ulsan)

Sales declined by more than 60% due to COVID-19, but the number of deliveries increased by about **38% from 250 per month to 400 per month**, and sales increased by about **3 million won per month**





[Digitalization] Digital transformation of traditional markets and expansion of their online presence via e-commerce

Support Scale



- Foster 500 traditional markets by 2025

Content



- Online shopping: Purchase, payment, and delivery of products from traditional markets through online platforms like Naver, etc
- Building an Online Delivery Center in the Market: Building a Nationwide Delivery Infrastructure
- Product discovery, online entry, marketing support



Data analytic services to small business owners by collecting information on sales, foot traffic etc.

Key Information



- Current status of commercial districts, distribution of sectors within commercial districts, population information, regional information, delivery data, etc

Economic Impact

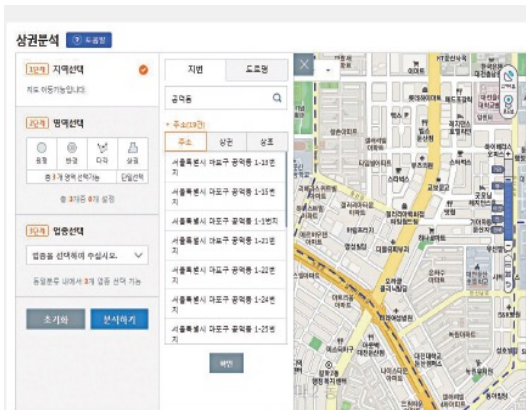


- The Commercial District Information System allows to indirectly examine commercial districts by region, area and sector
- Reduce the cost and time required to collect and analyze data related to commercial districts (free of charge, real-time analysis)

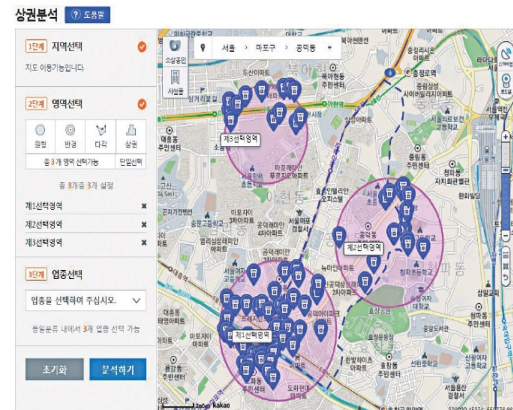
Commercial District Analysis

- A service that provides commercial district information such as changes in sales, foot traffic, degree of business competition, rental market price, etc. of the desired industry only by entering information on region, area, and sector.

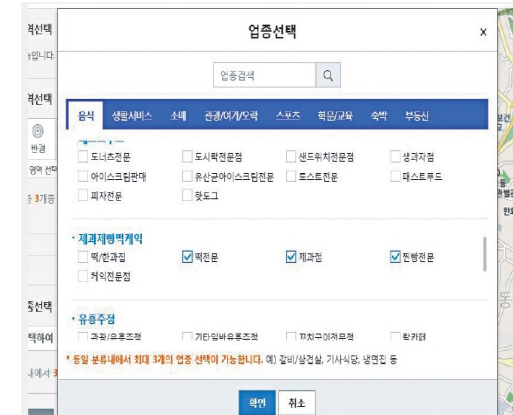
Step 1: Choose the region.



Step 2: Choose the area.



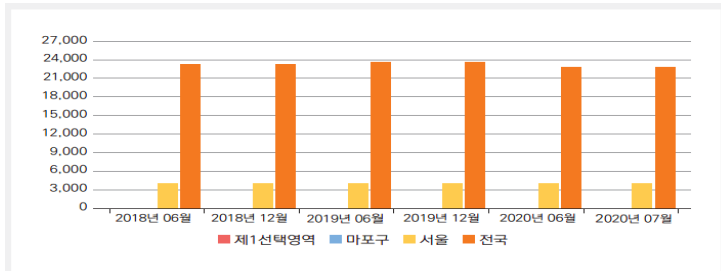
Step 3: Choose the sector.



Commercial District Analysis

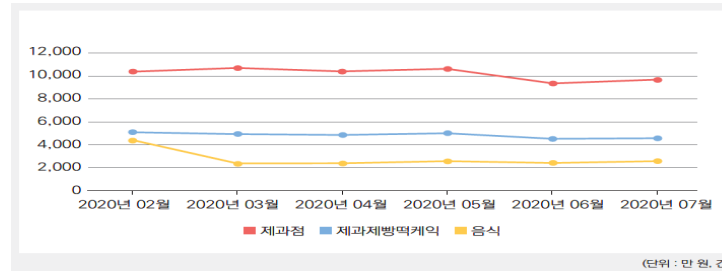
▪ (Detailed analysis) Disaggregated by sector, sales, and population

▪ Sector Analysis



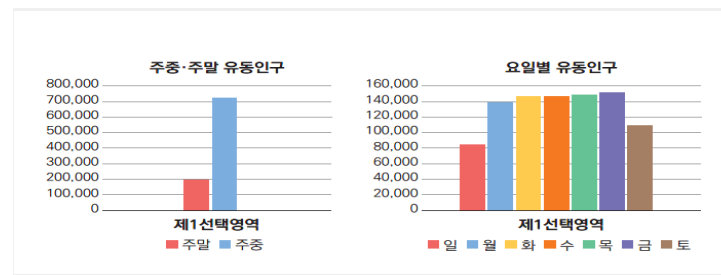
업종	2018년 06월		2019년 06월		2019년 12월		2020년 06월		2020년 07월	
	업소수	증감률	업소수	증감률	업소수	증감률	업소수	증감률	업소수	증감률
제1선택영역	6	16.67% ▲	7	0.00%	7	0.00%	6	-14.29% ▼	6	0.00%
마포구	177	0.56% ▲	183	2.81% ▲	184	0.55% ▲	183	-0.54% ▼	183	0.00%
서울	4,033	0.27% ▲	4,065	0.52% ▲	4,084	0.47% ▲	3,970	-2.79% ▼	3,963	-0.18% ▼
전국	23,239	0.42% ▲	23,506	0.72% ▲	23,663	0.67% ▲	22,962	-2.96% ▼	22,950	-0.05% ▼

▪ Sales Analysis



구분	업종	2020년 02월		2020년 03월		2020년 04월		2020년 05월		2020년 06월		2020년 07월	
		액/건	액/인	증감률	액/건	증감률	액/건	증감률	액/건	증감률	액/건	증감률	
선택업종	제과점	10,327	10,608	2.72% ▲	10,317	-2.74% ▼	10,569	2.44% ▲	9,312	-11.89% ▼	9,688	4.04% ▲	
	건수	13,716	13,831	0.84% ▲	13,119	-5.15% ▼	12,694	-3.24% ▼	12,439	-2.01% ▼	12,955	4.15% ▲	
중분류	제과제빵	5,068	4,914	-3.04% ▼	4,787	-2.58% ▼	4,959	3.59% ▲	4,426	-10.75% ▼	4,504	1.76% ▲	
	떡케익	6,277	6,063	-3.41% ▼	5,795	-4.42% ▼	5,654	-2.43% ▼	5,496	-2.79% ▼	5,653	2.96% ▲	
대분류	음식	4,395	2,381	-45.82% ▼	2,319	-2.60% ▼	2,529	9.06% ▲	2,400	-5.10% ▼	2,533	5.54% ▲	
	건수	2,405	1,347	-43.99% ▼	1,342	-0.37% ▼	1,397	4.10% ▲	1,399	0.14% ▲	1,437	2.72% ▲	

▪ Population Analysis



지역	구분	주중/주말		요일별						
		주말	주중	일	월	화	수	목	금	토
제1선택영역	명	193,674	720,385	85,067	138,524	144,793	144,349	145,273	147,446	106,587
	비율	21.2%	78.8%	9.3%	15.2%	15.8%	15.8%	15.9%	16.1%	11.9%

Future Direction and Implications





Smart Customers



Big Data Platform

By establishing a Big Data Platform, support data-driven stores for better business management, and help early-stage startups start a business.

Digital Financial Support



Establishing a contactless financial support system for the digital era

Digital Ecosystem for SMEs



Smart SMEs

Promoting smart technologies to cope with the digital economy, fostering entrepreneurial small business owners, and E-Commerce small business owners

Collaboration with Private platform company



Data sharing, encouraging win-win cooperation with small business owners



Digital Government

1. Due to small business owners' low digital literacy, **digital education and consulting** has become a prerequisite.
2. The government and the private sector should together build a **digital ecosystem**.
3. Choose and focus – Focus first on the digital transformation of innovative audiences such as entrepreneurial small business owners and e-Commerce small business owners.
4. Establish a comprehensive support system for hardware, software and infrastructure, including **education/consulting, smart technology dissemination, online market support, and implementation of a big data platform**.