



*Nuálaíocht Próiseas Digiteach*  
**Digital Process Innovation**

*Cáipéis Tagartha* - Reference Document

20/06/2022

# Introduction

## Overview

The aim of the Digital Process Innovation offer is to incentivise and support companies to invest in the implementation of new or significantly improved digital production methods, digital service delivery or organisational methods that will increase their operational effectiveness, leading to greater productivity and competitiveness.

As international competition increases, successful firms need to take account of fundamental changes in the technologies available for use as well as increased expectations among both consumers and business users. We expect a need for digital business model innovation as consumers seek more personalised ‘no hassle’ services as well as a requirement to change production and delivery methods to use new technologies such as robotics and automation, Internet of Things, Industry 4.0/sensors and Artificial/Augmented Intelligence.

## Legal Basis

The Digital Process Innovation grant is administered in accordance with the following Irish legislation.

- Industrial Development Act, 1986, Section 29
- Industrial Development Act, 1998, Section 7

## State Aid Basis

The EU State Aid basis for the scheme is:

- General Block Exemption Regulation for 2014–2020, published in Official Journal No 57, 26th June 2014
- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.
- COMMUNICATION FROM THE COMMISSION: “Framework for state aid for research and development and innovation”, 21.5.2014

## Document Revision History

<b>June 2022</b>	Initial version - based on Business Innovation Offer
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# Eligibility Criteria

## Eligible Companies

Client companies of Enterprise Ireland are eligible to apply if they employ 10 or more full time staff at the time of application. Enterprise Ireland high potential start-up clients who employ 5 or more full time staff are also eligible to apply.

Client companies of the Local Enterprise Offices are eligible to apply if they employ 5 or more full time staff, are in business for 2 years or more and are trading internationally in manufacturing or in an eligible services industry.

Client companies of Údarás na Gaeltachta are eligible to apply if they employ 5 or more full time staff are in business for 2 years or more and are trading internationally in manufacturing or in an eligible services industry.

Applications will only be accepted from companies registered in Ireland.

Applicants must be able to show adequate cash resources to implement the proposed project.

Approval will be based on such criteria as Enterprise Ireland may deem to be appropriate such as the company need and value for money for the state. As such, there is no automatic entitlement to funding for valid applications, but rather a strategic decision by Enterprise Ireland to support a project based on the goals of the organisation.

## Eligible Activities

Activities that can be supported relate to the implementation of the new production, delivery or organisational method and may involve technical as well as non-technical staff.

The offer covers the following sections from the EU Framework for state aid for research and development and innovation [21.5.2014]:

*'organisational innovation' means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;*

*'process innovation' means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;*

An eligible Digital Process Innovation project will involve implementing a new way of working for the company that leads to an increase in quality, speed, dependability or flexibility of the company's operations. This includes significant changes in techniques, equipment and/or software.

The project must involve some level of innovation or risk of failure and must not be focused on routine operational changes or responding to changes in regulation.

Projects should include:

- the introduction of new or significantly enhanced digital or automation technology platforms for company operations and/or,
- the introduction of new or significantly enhanced digital experience for customers (digital products or services), including new digital business models and/or,
- the implementation of new production methods for enhanced sustainability including significantly reduced waste, emissions or increased materials reuse in terms of circular economy practices.

The level of innovation is considered relative to the current state of the company rather than the state of the art in the industry. The aim is to support a step-change in the company capability and operational effectiveness.

## Eligible Costs

Funding can be provided towards the costs of carrying out approved projects under the following headings:

- **Salaries** – personnel costs for company staff working directly on the project, who are based in Ireland. For best effect, projects should be based around a core team of 5-10 people spending a significant portion of their time on the project over a period ranging from 2-3 months to up to 12-18 months.
- Additional **Overheads** incurred directly as a result of the project. This is calculated as a fixed percentage of salaries and is limited to 30% (including employers' PRSI).
- **Consultancy** – costs to the company of availing of consultancy support or contract development directly related to the project. It is expected that this work is carried out in Ireland.

*If the amount of eligible expenditure for subcontracted/consultancy work on the project exceeds 60% of the total costs, the project is deemed ineligible. The requirement is that at least 40% of the expenditure on the R&D project (related to salaries) must be carried out in house in order to build R&D capability. However, it is important to recognise that this is a guidance on the maximum allowable, not a target – ideally the amount of in-house R&D should be far higher than the amount of subcontract/consultancy costs.*

- **Materials** and other operating expenses directly related to the project (including prototype/design costs).

Funding is only applicable for expenditure incurred within the approved project period, and exclusive and essential to the approved project. The costs set out in the project application will be assessed by Enterprise Ireland and only those costs that are considered to be reasonable and required for the project will be approved. Additional guidelines on eligible costs are provided in the application documents.

In order to be eligible for project support, the beneficiary **MUST** submit an application to Enterprise Ireland for support **BEFORE** any work on the project starts. Only expenditure incurred **AFTER** a valid application is submitted (or after the call close date in the case of RD&I projects) can be considered for funding support.

# Application and Assessment Processes

## Application Process

Applications for Digital Process Innovation funding through RD&I are invited through a public call for submission of projects on the last working day of each month. Application forms and company guidelines are available on the Enterprise Ireland website.

Applications for Digital Process Innovation funding as part of a package such as the Operational Excellence Offer do not operate on a call close basis.

In order to streamline the process for smaller or shorter projects (involving Grants of up to €150,000), applications may be submitted at any time to Enterprise Ireland and will be considered under Delegated Powers to Line Management rather than go to the R&D or Investment Committee.

## Assessment of Applications

Application evaluation will consist of a commercial assessment and a technical assessment.

The approving committee/authority will be presented with an assessment of the application, which incorporates comments on the following criteria:

- Value for money for the State taking into account the performance against targets set in previous investments,
- The overall amount of State funding received by the company in the last seven years,
- How the plan is an integral part of the strategic development plan of the company,
- The financial track record of the company,
- The development needs of the company,
- Previous track record in implementing any previously State funded RD&I projects,
- That the costs to be approved are reasonable and required for the project(s).

# Approval

## Approval Committee

The approval committee composition, powers and process are described in the RD&I Reference document where the Digital Process Innovation grant is being applied for through Agile Innovation or as part of an RD&I application.

Where Digital Process Innovation funding is included in another package, such as the Operational Excellence Offer, this will be done through the Enterprise Ireland Investment Committee.

## Maximum Funding levels

The maximum grant **rates** are given in the table below.

	Small Enterprise	Medium Enterprise	Large Enterprise
Maximum grant rate	50%	50%	50%*

The Committee may offer grant at a lower rate than the maxima above. Considerations for setting a grant rate could include value for money, the incentive effect and the nature of the project.

\*For Large companies, a Digital Process Innovation grant is classified as De Minimis funding and any grant awarded will be subject to the limit on De Minimis funding of €200,000 over a rolling 3-year period.

### Form of Aid

Funding will normally be in the form of a grant but may be offered in the form of equity at the discretion of Enterprise Ireland based on the financial position of the company.

## Definitions

### Company Size

The full definition of a Small or Medium-sized Enterprise (SME) is given in ANNEX 1 of COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 and that should be consulted if there is any doubt in a particular case.

The key considerations relate to staff headcount and financial thresholds which are given in Article 2 of that ANNEX as:

- 1. The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.*
- 2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.*

A company that exceeds the upper limits of the Medium Enterprise is automatically classed as a Large Enterprise.