

Results of the SME internationalisation survey work in Ústí Region

Ústí nad Labem

May 2022

Internationalization is one of the most topical issues today. It can be understood very broadly as a solution to issues in the social, economic, economic, legal, etc. This research focused on internationalization as development trade, ie the involvement of the company in cross-border activities. Internationalization has proved inevitable for some of them. The process of internationalization is a kind of sequence of activities, which the company enters abroad, which is a key part of international trade, not only for multinational companies but also for SME levels.

The questionnaire was sent to a total of 90 contact persons. A total of 33 respondents took part in a deeper questionnaire survey. All respondents have their registered office in the Ústí Region and are companies from the SME level. The work further compares the results of research from 2020 and from 2022

The questionnaire was sent by e-mail, or consulted at a personal meeting or through video call.

A) The survey was built around following topics:

1. How COVID affect companies activities?
2. How the company reacted to the changes?
3. How the companies see the future? Will they try to increase the share of exports?
4. What forms of support will they eventually use? What topics would you like to consult with experts?

B) This work further describes the Presentigo project, which proved to be a good example of best practice.

In personal interviews, we also decided to answer deeper questions:

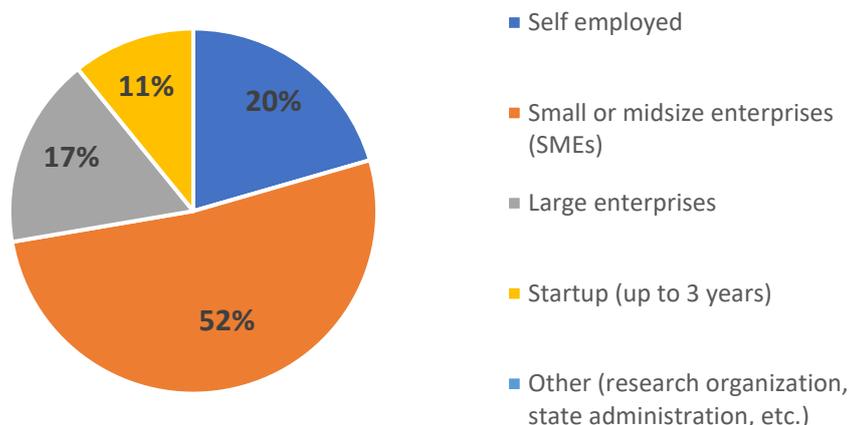
- Expected market development and company sales development in connection with the current situation
- Measures implemented in companies
- Financial impact of the current situation on companies

- Impact on the day-to-day operations and day-to-day running of companies

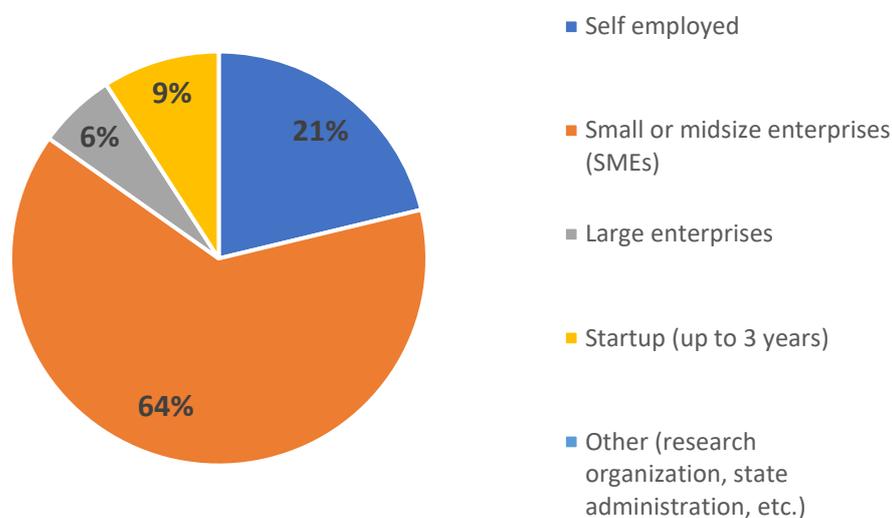
A) Research results

The coronavirus pandemic has largely negatively affected the ability to present manufacturers and exporters abroad. Many activities suddenly could not take place face to face, as was an established practice, and it was necessary to move to the online world.

CzechInvest is a state contributory organization subordinate to the Ministry of Industry and Trade of Czech Republic and plays a key role in the area of supporting business and investments.



Graph no. 1 – Scope of the survey (previous)

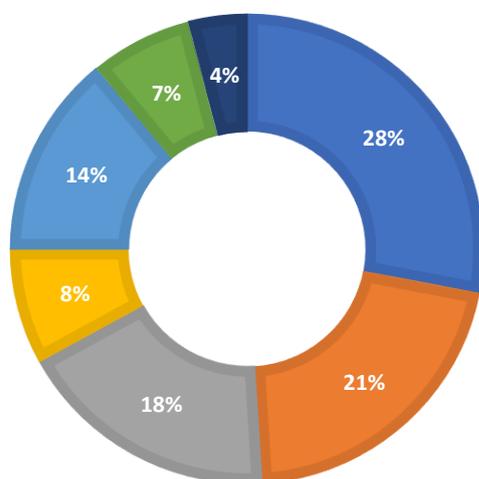


Graph no. 2 – Scope of the survey 2022 (present)

It is clear from the graph that the following research focused more on SMEs and startups. They made up more than half of the contacted companies.

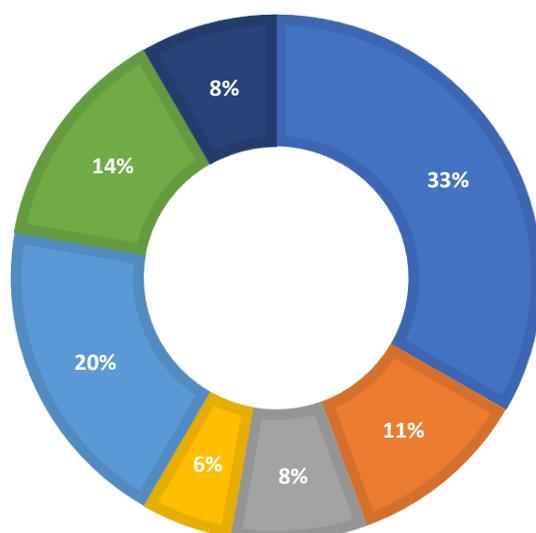
CEO of CzechInvest says he was surprised by the number of companies that develop presentation software and at the same time offer a relevant and functional solution. It has shown how developed the market for innovative digital tools is. This is an important prerequisite for the Czechia to move to the top of the Global Innovation Index, especially in the evaluated criterion of market sophistication. The art of selling is a topic that digitization can significantly help.

To address how effective is current business support for SME internationalisation, the study examines the relevance of the main internationalisation support policies and provides examples of good practice from internationalisation support services.



- demand or sales outage / lack of customers
- operating restrictions (need to disinfect premises, protective equipment, etc.)
- subcontracting failure
- transport restrictions (logistical problems)
- lack of manpower (employees in quarantine, caring for children, etc.)
- compulsorily closed production, service establishments
- without any problem

Graph no. 3 – How does the situation around COVID-19 affect you? (previous)



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Graph no. 4 – How does the situation around COVID-19 affect you? (present)

- 33% declared that COVID pandemic affected most negatively their activities and turnover. Mainly demand or sales outage or lack of customers.
- 11% declared they have to solve operating restrictions.
- 8% declared they have subcontracting failure.
- only 8% of companies dealt with no problem, or they admitted that it affected them positively.

At the end of the last waves of COVID-19, companies became more concerned about the demand for their services and products, and surprisingly, the demand for skilled labor increased. On the contrary, the problems with operating restrictions have decreased. Probably also due to smaller demands on protective equipment etc. The number of companies that have reported no problems has also increased.

Export is an integral part of business for most Czech companies. During the covid, the conditions in the world changed very dramatically, many companies experienced hard times, but for many it was also an opportunity to establish new business ties.



From the interview

Lower demand is likely to cause overcrowding and customers will delay much-needed payments. A possible motivation may be to offer a discount for payment or factoring. Operation and delivery will be disrupted, so contingency plans need to be prepared. We also need to find alternative suppliers. It is necessary to maintain contact with key partners and customers and to understand their current situation and, if necessary, to react flexibly to it.

AIIFoc, 03/2022



We have experienced 2 huge problems. At one point, we could not access the material and we did not lose up to thirty percent fewer people because they were sick, babysitting at home or quarantined. These are all very non-standard situations.

ATE, 03/2022

In the past, the business environment was relatively stable and we knew that if we started working systematically on trade, we would tighten the screws in some areas, so we would most likely survive. We played bait. Now it is not enough to fine-tune the company's strategy, today you have to decide what to do to make the company survive.

C08, 04/2022

The pandemic had a very serious impact on the engineering company TRATEC-CS, which operated in the field of rail vehicle interior deliveries. The company employed more than 100 people and its turnover was higher than 100 million crowns. In April 2022, she declared bankruptcy.

TRATEC-CS, 04/2022

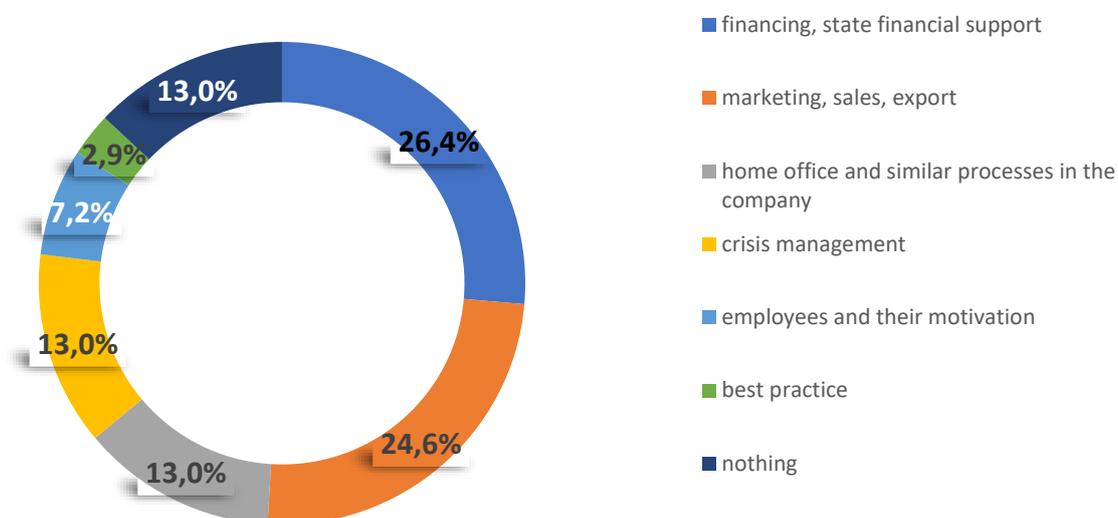
Despite the fact that the situation in the Czech Republic was not favorable, due to our focus we were not significantly affected. The situation has more or less led to an increase in supplier prices, but customers have no choice but to accept these prices. There was no reduction in demand for our products. Conversely, people began to invest more in real estate, thus maintaining the level of our demand.

HECKL, 05/2022

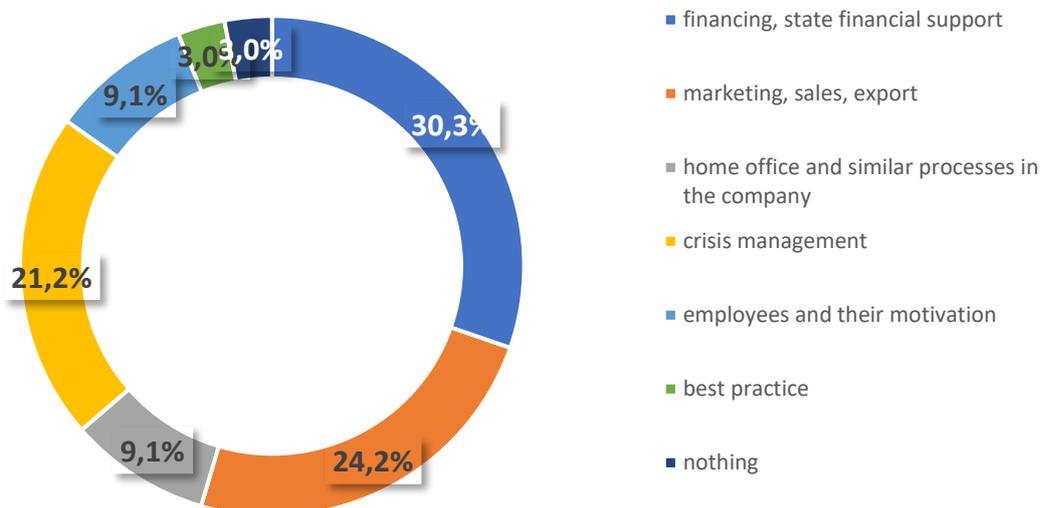
In 2019, SALTEK used the OPPIK program - Strengthening SALTEK's growth motivations, its ability and marketing readiness to find new markets outside the Czech Republic (territorially and product-wise), to enter and stay in them. This is related to the increased ability of international expansion, expansion of export activities, production and sales activities.

SALTEK, 03/2022

The strengthening trends that need to be followed and which will be reflected in foreign trade are the relocation of production, the shortening of supply chains and the diversification of suppliers. In these trends, it is possible to look for new opportunities for Czech manufacturers and service suppliers.



Graph no. 5 – What topics would you like to consult with experts? (previous)



Graph no. 6 – What topics would you like to consult with experts? (present)

During the survey, I asked if companies were aware that they could take advantage of any of the offers of help from organizations that deal with export assistance. There are mentors who can help companies in different business sectors. The results are shown in graph number 3.

We contacted the national network Ynovate, whose goal is to strengthen interregional cooperation, which will lead to more effective support for innovation throughout the Czech Republic. The network now has seven experts with worldwide experiences from international business who can help companies internationalize. They connect companies with experts from all over the Czech Republic. It is their experience that can be the reason why companies with a unique product will eventually succeed internationally. Thanks to the Ynovate network, innovation centers can share experts across regions and also expand the range of know-how provided. Thanks to the current cooperation of innovation centers, over 500 small

and medium-sized companies from all over the country have received just such support.

The current business climate is characterized by uncertainty which can act as an opportunity as a risk. But most companies, in which a detailed questionnaire was conducted, noted that despite the bad mood, they are trying to fight with the unpleasant atmosphere in the market.

For most of them exporting appears to be a important decision and an important revenue source, as it contributes up to 30% of turnover.

Have you stopped exporting since the beginning of the pandemic?



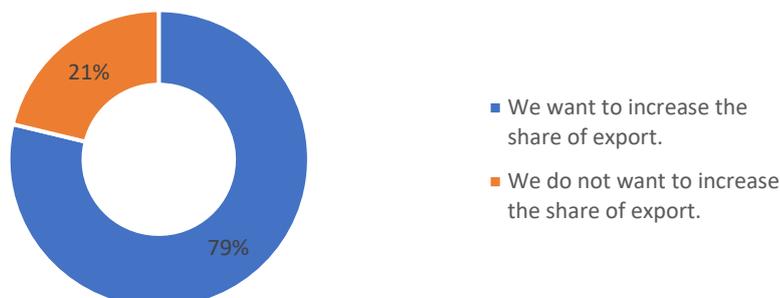
Graph no. 7 – Have you stopped exporting since the beginning of the pandemic?

From the interview

With most of our customers we keep the business on a very personal level, we trade mainly to the east. At a time when we had a problem to travel abroad, we suffered major blows in the field of exports, which we were unable to seal in domestic trade.

AIIFoc, 03/2022

How the companies see the future? Will they try to increase the share of exports?



Graph no.8 – How the companies see the future? Will they try to increase the share of exports?

It turned out that there is a need to push for export. It is important to think globally from the very beginning. There is a need to raise awareness of the services of export promotion organizations.

Exporting represents a key opportunity for SMEs.

From the interview

Demand for Czech exports from the Czech Republic's main trading partner countries is thus expected to decline less than proportionately to the contraction in their economic activity.

AllFoc, 03/2022

Our trade in several types of goods and services collapsed, but with others it increased significantly. The product structure of the store has changed significantly.

ATE, 02/2022

The Ministry of Industry and Trade emphasizes the importance of exports for the Czech economy.

The European Union and Foreign Trade Section of the Ministry of Industry and Trade operates on the agendas of the European Union, ensures the areas of the EU internal market, common EU trade policy, export support, international and European law and participates in the process of implementing EU legislation. By fulfilling its measures, it also implements the Export Strategy of the Czech Republic, participates in the creation of the concept of external economic relations and economic diplomacy of the Czech Republic. He is responsible for the agenda of the Act on Insurance and Financing of Exports with State Support, and ensures the exercise of shareholder rights delegated by the state to the Ministry of Industry and Trade in the EGAP export insurance company and in the Czech Export Bank. He manages the contributory organization CzechTrade. CzechTrade has prepared a project that will try to help Czech exporters acquire new suppliers in the world through a network of foreign offices operating in 57 countries.

CzechTrade provides assistance and advisory services for exporters.

Individual export consulting in two to three territories. This service included market screening, compilation of a database of potential clients, a rough analysis of the competition and indicative verification of interest in local companies.

- Assistance in resolving crisis situations abroad, customs issues and other difficulties in transporting goods across borders.
- Presentation in the Directory of Exporters, which was previously intended only for clients with a paid order.
- Online territorial and professional seminars.
- Daily information service (useful information and offers of export opportunities from foreign markets sent to the e-mail address)

The Czech Export Bank offers opportunities to finance the export of technologies, products and know-how for the circular economy.

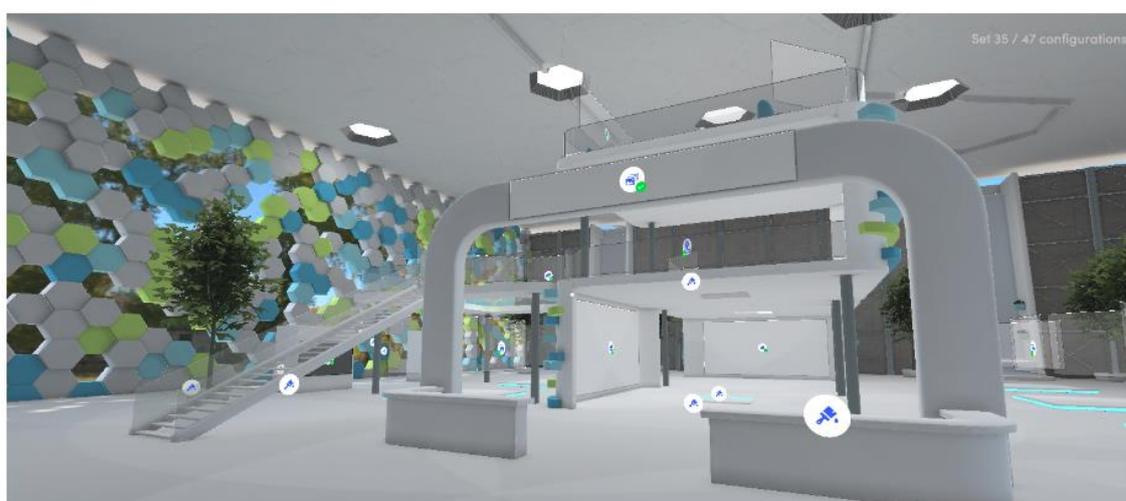
B) BEST PRACTICE

PRESENTIGO

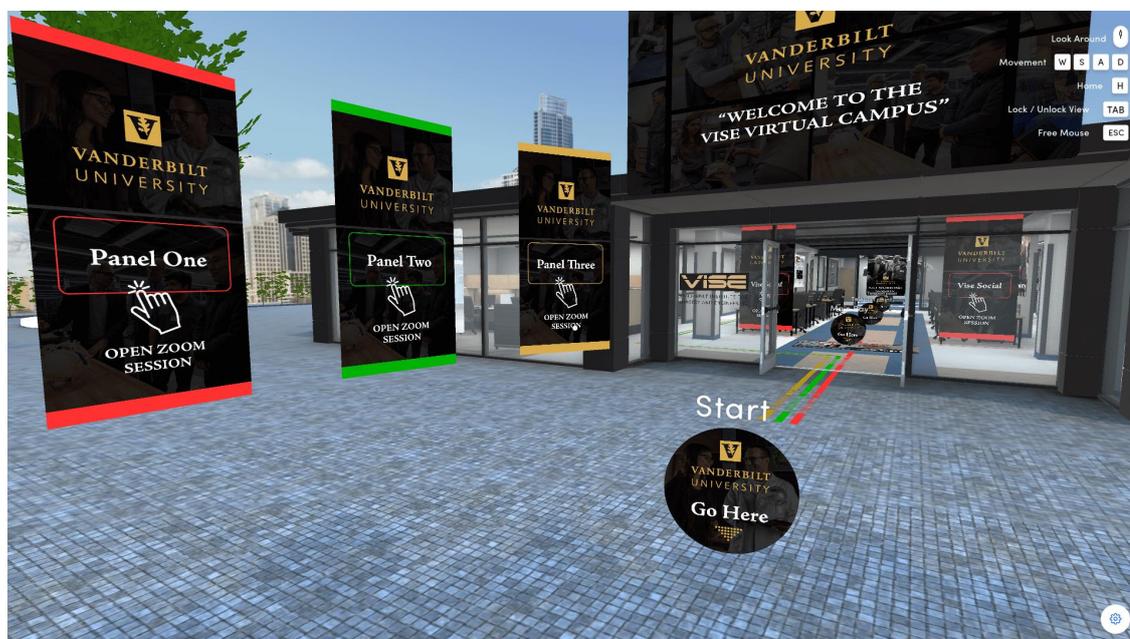
PRODUCT PRESENTATION 4.0

PRESENTIGO is a fast-growing startup and their customers now include companies such as Bosh, Siemens, Foxconn, E.ON, O2, UPC, Jet Set, Linet, Vítkovice and many others. In their game engine, they have created a new generation presentation platform that expands the boundaries of traditional presentations into the world of touch devices, interactivity and 3D. All this is connected with marketing and sales functions.

They are developing a digital presentation platform that simplifies presenters' work in the field. It resembles a centrally managed marketing "warehouse" that automatically distributes content to end users. Presentigo can work with traditional content in PowerPoint or PDF, but also with video, including interactive content in 3D and augmented or virtual reality. In addition, the company, together with Adastra, has developed the Virtuloc platform, within which it develops VR Showrooms, ie sales and exhibition venues in the digital world.



Picture no. 1 - Various templates of environment of PresentiGO



Picture no. 2 – Various templates of environment of PresentiGO

In particular, manufacturing companies can appreciate the possibility of a 3D and AR catalog, which will allow them to present their products at trade fairs and events. Even very complex and complex products can be sold easily and clearly thanks to these technologies. AR technology will help their customers reach for products. All you need is a mobile phone and a smart application where you will find an interactive catalog. Presentigo processes CAD data and ensures conversion to the PresentiGO platform. The whole PresentiGO works as a platform that can be used for data on an ongoing basis. There can be 1000 products in the 3D or AR catalog and users are not dependent on 3rd party editing or programming.

There are other examples of presentation:

Yamaha (manufacturer) - <https://youtu.be/5xLFJ-QMYcg>

Adastra (IT) -

<https://youtu.be/lljgDi5IQmc>

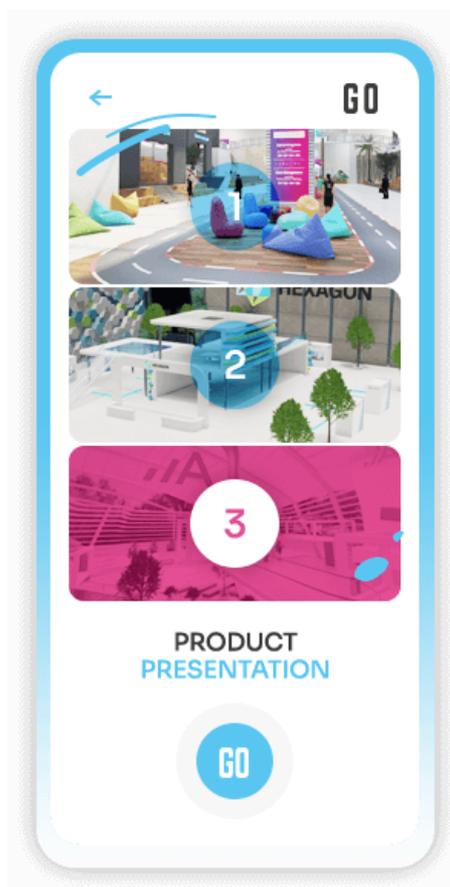
WHICH SOLUTION DO YOU NEED?



Picture no. 2 – Three levels of presentation

PresentiGO is built on PowerPoint format, product presentations can be easily edited and edited. The client can compile his own menu, which links to various parts of the presentation. Linking helps make sales / interview / communication nonlinear and a potential buyer doesn't have to wait for the presenter to recite the entire 100 slide PowerPoint.

On this platform you can collect data in real time. This means that the salesperson who presents can immediately collect data on, for example, what product the customer is interested in. At the end of the meeting, all data is sent to the CRM, where it can be accessed by colleagues who can, for example, work on the offer. PresentiGO can also send automated meeting minutes or share product sheets, which saves salespeople time and can focus on sales.



Picture no. 3 – Choosing of environment on PresentiGO

This model believe that it is important to attract customers and explain new products in a clear and visually imaginative way. In today's highly competitive world, every company should focus on constantly developing and improving the quality of content materials, products and customer access.