



**FIT4
DIGITAL**

Specifications 2023

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INTRODUCTION

The aim of this document is to explain how the 'Fit 4 Digital' programme works, describe the obligations of the accredited consultants who implement this programme and explain the accreditation procedure.

'Fit 4 Digital' is a programme to boost the competitiveness of small and medium-sized enterprises (SMEs) by rationally implementing information and communication technologies (ICTs).

'Fit 4 Digital' is run by Luxinnovation and supported by the Luxembourg Ministry of the Economy (MECO).

PROGRAMME

Context

Small and medium-sized enterprises (SMEs) currently account for over 95% of active companies based in the Grand Duchy of Luxembourg. They employ over 70% of the working population and generate around 65% of the country's GNP. They have an undeniable impact on the local economy and their business level remains stable in comparison with SMEs in the Greater Region.

However, this level is threatened by the lack of competitiveness and the limited ability of most Luxembourg SMEs to increase their market share. The Government of the Grand Duchy of Luxembourg identified the digitalisation of businesses as one of the means to boost the competitiveness of SMEs. This notion was incorporated into the 5th Action Plan to Support SMEs, published in February 2019, which stipulates that an innovation-friendly environment requires "the use of new technologies to meet customer requirements (implementation of Enterprise Resource Planning (ERP) systems, digitalisation of internal processes, development of e-commerce solutions, consideration of new consumer habits when developing new products and services)."

Against this backdrop, the 'Fit 4 Digital' programme was created in 2018 to help companies advance with digitalisation.

Legal framework

The programme is intended for SMEs within the meaning of European regulations; cf. Commission Regulation (EU) No 651/2014 of 17 June 2014.

The 'Fit 4 Digital' programme is based on the following legal provisions:

- The amended Law of 30 June 2004 creating a general framework for aid schemes for small and medium-sized enterprises, which applies to the funding for stage 1 (diagnosis) of the programme (Article 7),
- The amended Law of 9 August 2018 on an aid scheme for small and medium-sized enterprises (aid for consultancy services and investment aid), which applies to the funding of stage 2 of the programme (implementation/follow-up).

Target companies

Companies that wish to benefit from this programme must meet the criteria defined by the legal framework, i.e.:

- Have their registered office in Luxembourg,
- Employ less than 250 FTE (full-time employees) at the level of the single economic entity,
- Have an annual turnover of less than 50 million euros, or an annual balance sheet total of less than 43 million euros¹,
- Have a valid business permit issued by the General Directorate for Small and Medium-Sized Enterprises at the Ministry of the Economy,
- Not be in financial difficulty as defined in the relevant legislation²,
- Not carry out an activity that is excluded from the scope of state aid, as referred to in the relevant legislation³. In addition to the criteria defined by law, the 'Fit 4 Digital' programme also lays down other criteria.
- In principle, only one voucher is granted per single economic entity. This means that if one company belonging to a single economic entity (i.e. a group of companies, subject to the criteria assessment of the single economic entity) has already received a 'Fit 4 Digital' voucher, another company belonging to the same entity may not submit a new request.
- The programme is not intended for very early-stage companies. To participate, the company must provide proof that it has been operating for over three years, in order to ensure a minimum level of viability and maturity.
- Nor is the programme intended for certain companies in the IT sector, such as those offering IT consultancy services or those which develop ERP/CRM software or the like. We assume that such companies already have enough in-house expertise to cover most of the 360° assessment with their own resources.

Concept

The 'Fit 4 Digital' programme enables SMEs to assess their digital maturity and their use of ITCs, pinpoint the measures required to take the next step toward their digital transformation, and to benefit from support and financial assistance in implementing these measures.

The programme is implemented by consultancy companies accredited by Luxinnovation, which intervene during both stages of the programme:

¹ The applicant company must indicate whether it is a partner company or a company affiliated with one or more other businesses (cf. also the User guide for the European Commission's definition of SMEs). Together, these companies form a 'single economic entity': the financial and staff headcount criteria will therefore be assessed at the level of this entity, <https://eur-lex.europa.eu/legal-content/FR/TXT/?uri=celex%3A32003H0361>.

² Law of 9 August 2018, Article 3 f) <https://legilux.public.lu/eli/etat/leg/loi/2018/08/09/a882/jo>.

³ The list of excluded sectors and activities is specified in Article 2-2) of the Grand-Ducal Regulation of 12 October 2018 that sets out the nomenclature of expenditure and companies eligible for the aid scheme provided for by the Law of 9 August 2018 on an aid scheme for small and medium-sized enterprises,

<https://legilux.public.lu/eli/etat/leg/rgd/2018/10/12/a954/jo#:~:text=de%20Luxembourg%20Menu-,R%C3%A8glement%20grand%20ducal%20du%2012%20octobre%202018%20d%C3%A9terminant%20la%20nomenclature,d%20petites%20et%20moyennes%20entreprises>.

- **1st stage: diagnosis.** The consultant chosen by the company from among the accredited consultants analyses the IT infrastructure and software already in place in the company (suitability of software for internal processes, negative and positive aspects and areas for improvement). This analysis is repeated for each of the company's activities (marketing, purchasing, quotes and invoicing, logistics, accounting, human resources, etc.) in order to draw up a comprehensive assessment.

This assessment is rounded off with an analysis of the information system security carried out by SecurityMadeIn.lu (SMILE)⁴ on the basis of a questionnaire sent to the company.

The diagnosis of this first stage also includes recommendations of priority actions, secondary projects and other suggestions which the company could implement to improve its digitalisation (including the cybersecurity component). For each project, the diagnosis reveals the type of expenditure envisaged (investment or consulting) and the estimated expenditure amount. This amount must be justified by at least two potential solutions.

The diagnosis also provides an opportunity to broach the topic of sustainable/green IT with the company. We ask the consultant to educate the company as to how it could potentially reduce its digital environmental footprint; for example by introducing good practices (avoid standby mode, use low-energy settings) or by choosing 'green' equipment (easily repairable or recyclable, with suitable labels).

→ This diagnosis costs €5,000 excl. VAT, and the company receives a subsidy of the same amount in exchange.

- **2nd stage: implementation.** The company chooses whether to implement some or all of the recommendations. It may carry out the implementation stage with or without the support of a consultant.

→ It then benefits from the following aid measures to fund its projects: investment aid (20% maximum for companies with less than 50 employees, and 10% maximum for companies with more than 50 employees) and consultancy aid (50% maximum of the total amount of the fees) within the scope of the amended Law of 9 August 2018 on an aid scheme for small and medium-sized enterprises.

The administrative process is simplified because the company does not need to submit an additional application for investment aid or consultancy aid: it simply needs to send any invoices for the projects that were recommended in the diagnosis directly to the Ministry of the Economy. However, to take advantage of this simplified process, the company must adhere to certain deadlines and maximum amounts.⁵

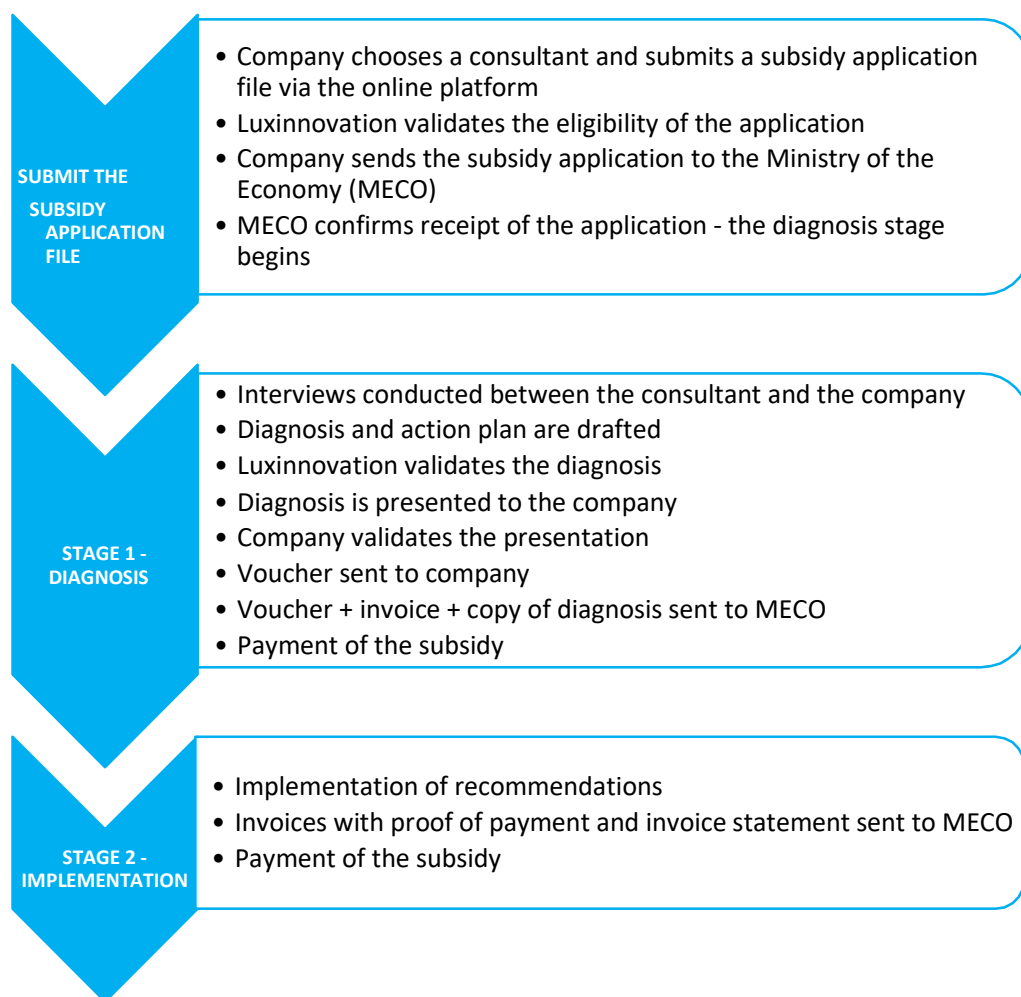
Luxinnovation takes care of the overall programme supervision, validates the eligibility of applications, ensures the competency of the consultants who carry out the diagnoses and supports the companies during the implementation stage, and makes sure that the diagnoses are coherent and drafted properly.

⁴ <https://securitymadein.lu/>

⁵ See following section.

Procedure

Important: all public aid applications must be submitted before starting the project. This means that the company cannot validate a quote, a sales agreement or any other document from the consultant pledging to implement 'Fit 4 Digital' measures until it has sent the subsidy application to the Ministry and received a letter acknowledging receipt thereof.



1. Submitting the subsidy application file

The company submits the subsidy application file on the designated online platform⁶, making sure to attach the following documents:

- Business permit issued by the General Directorate for Small and Medium-Sized Enterprises at the Ministry of the Economy,

⁶https://aides.luxinnovation.lu/FIT4DV2/Controler?action=login&documentId=demandeF4D&mediaType=jj_html&dialogAUTH=D3A22D59E3547C0703CEC5FDB4AEFA9EA81B3B403B29A03AEB1AC6CFD89B199B

- The company's Articles of Association,
- A CCSS certificate proving the number of employees,
- Bank details,
- Accounting data from the past three years (balance sheet + profit and loss account),
- If necessary, a flow chart showing all of the companies affiliated with the company, upstream or downstream, through interests equal to or greater than 25%.

The company also specifies the name of its chosen consultant on the platform.

Luxinnovation checks the eligibility of the application before sending the subsidy application form to the company.

The company signs and dates the application form and sends it to the Ministry of the Economy (MECO). In return, it receives a letter (by post) acknowledging receipt of its application. This letter includes a reference number from the Ministry that the company should keep and quote in any future correspondence with Luxinnovation.

The consultants are responsible for the quality of the application file submitted (completeness of the requested documents and accuracy of the information provided). Training may be offered to them for this purpose.

2. Stage 1 – Diagnosis

The diagnosis stage can begin once the company has received the letter acknowledging receipt of its application.

The consultant meets the company to analyse its IT infrastructure (nature and obsolescence of its IT equipment) and the software used in all of its departments.

The consultant draws up a diagnosis and an action plan in accordance with the online template on the same platform. Next, the consultant sends the report to Luxinnovation via the platform for review.

Luxinnovation validates the diagnosis report (or makes correction requests), which is then presented to the company in the presence of Luxinnovation. The consultant must notify Luxinnovation of the scheduled date for returning the diagnosis so that one of its representatives can be present, where applicable.

The diagnosis must be drafted and completed within **two months** of the project start date specified in the company's application file.

Once the diagnosis report has been presented to and accepted by the company, Luxinnovation sends a voucher to the company. The company must then send the voucher to MECO together with the consultant's invoice and a copy of the diagnosis in order to receive the €5,000 subsidy.

MECO pays the subsidy upon receipt of these documents (the average payment timeframe is around two months)⁷.

⁷ Indicative and non-binding timeframe.

Important:

- The cost of the diagnosis is fixed at a flat rate of €5,000 excl. VAT and cannot be exceeded.
- The payment of the consultant is separate from the payment of the subsidy; the arrangements for paying the consultant must be agreed in advance between the consultant and the company (general terms and conditions of sale), but must only be signed after the application has been submitted.
- Under no circumstances may the consultant instigate proceedings against the Ministry of the Economy or Luxinnovation if the company fails to pay.

3. Stage 2 – Implementation

The company chooses whether to implement some or all of the recommendations listed in the action plan. It may also decide to disregard them.

Investments made in relation to the 'Fit 4 Digital' report (equipment, software) may qualify for investment aid.⁸

Please note: this only applies to investments in the accounting sense of the term, i.e. tangible or intangible assets of a certain value and which can be written off. When applying for the subsidy, companies need to submit the invoice as well as proof that the invoice amount has been paid. Fees related to subscriptions (SaaS) or the maintenance/update of a website are not investments within the meaning of the law and are therefore not part of the eligible costs.

If a company so wishes, it may be assisted by a consultant during the implementation stage.

This consultant could either be the same one who carried out the diagnosis or a different consultant of the company's choice.

The daily consulting rate is capped at €880 excl. taxes. The company can then apply for consultancy aid, which it can claim against the amount of the fees.⁹

To receive consultancy aid and investment aid, the company simply needs to send the relevant invoices with proof of payment and an invoice statement to MECO, without the need for any other formalities.¹⁰

To benefit from this simplified procedure, the recommendations must be implemented and the final invoices must be submitted within **16 months** of the end of the 'Fit 4 Digital' diagnosis stage. Moreover, the total amount of the costs (accumulated investment and consultancy costs) must not exceed €100,000. If these limits cannot be adhered to, the company must submit a request for aid within the scope of the amended Law of 9 August 2018 on an aid scheme for small and medium-sized enterprises before starting to implement the recommendations.

Important: If, during the implementation stage, the solutions implemented deviate significantly from the recommendations outlined in the diagnosis report (for example the introduction of a type of software which is not mentioned in the action plan, or if the actual fees by far exceed the estimated fees),

⁸ i.e. an aid of 20% maximum for companies with less than 50 employees or of 10% maximum for companies with more than 50 employees.

⁹ i.e. a maximum aid of 50% of the total amount of the consultant's fees.

¹⁰ Specifying the 'Fit 4 Digital' file reference number (indicated on the acknowledgement of receipt letter from MECO and on the voucher)

the company must notify MECO and Luxinnovation immediately to check whether all of these fees can be taken into consideration when the invoices are submitted.

CONSULTANTS

Skills and qualifications required

Candidates wishing to apply to become an accredited service provider for the 'Fit 4 Digital' programme must fulfil the following conditions:

- Be a company or act as a self-employed worker, which/who has been legally registered in the Luxembourg Trade and Companies Register (RCS) for over three years,
- Not be in financial difficulty as defined in the relevant legislation,
- The consulting service must be one of the company's regular activities.

The consultancy company must also provide proof of the following skills and qualifications:

- Business process analysis and operational management,
- Management of multi-platform IT projects,
- Good knowledge of the IT solutions available on the market,
- Experience of other similar projects with SMEs based in Luxembourg or the Greater Region,
- Over three years' experience as a digital transformation consultant,
- Independence vis-à-vis any specific IT provider.

Recruitment process

Calls for applications are published on www.luxinnovation.lu.

Luxinnovation also reserves the right to review any application file which seems relevant at any time.

1. Sending the application file

Interested consultants should send their application file to Luxinnovation, exclusively via the designated online form. This link can be found at www.luxinnovation.lu/fr/fit-4-digital-transition-digitale-fr/ but will only be accessible during the call for applications.

Each file should include the following documents:

- Copy of the valid business permit issued by the General Directorate for Small and Medium-Sized Enterprises at the Ministry of the Economy,
- Documentary evidence of the skills and qualifications needed to perform services under the 'Fit 4 Digital' programme (such as anonymised CVs and certificates),

- Evidence of at least three reference projects which comply with the framework defined for the 'Fit 4 Digital' programme and which have been successfully conducted with SMEs based in Luxembourg or the Greater Region over the past three years.

2. Accreditation decision

Luxinnovation may make its decision based on the application file alone, or arrange an interview.

If the file is incomplete, the consultant will only be given one chance to add the missing elements. Beyond this, he will have to wait for six months from the initial application date before submitting his file again.

Once it has taken a look at the application file, Luxinnovation lets the candidate know if he has been pre-selected: the official selection will not be confirmed until Luxinnovation has approved the first diagnosis submitted.

Until this accreditation is made official, the service provider is allowed to prospect but not to communicate as an accredited consultant. As a result, we will not validate application files which have selected this consultant until the first diagnosis has been validated. If, in the end, the consultant is not accredited, LXI can direct companies towards other accredited consultants. This applies only to the consultant's first accreditation.

3. Entry into effect and duration of the accreditation - renewal

The accreditation under the 'Fit 4 Digital' programme granted by Luxinnovation is valid until 31 December 2023.

The accredited service provider undertakes to fulfil the obligations set forth in these specifications, which will be sent to him for his signature.

Once Luxinnovation has received the signed specifications, it will send the service provider the official communication materials for the programme (logo to be followed by the words 'Accredited service provider', brochures, etc.).

The consultant may only use the official communication materials provided by Luxinnovation.

The accreditation will automatically end on 31 December 2023.

It will be renewed on the basis of the services performed during the year, i.e. by taking account of:

- Feedback provided by the companies (outcome of satisfaction surveys on the platform),
- Luxinnovation's assessment of the quality of the diagnoses carried out during the past year,
- Compliance with the obligations in the specifications.
- The completion of at least four 'Fit 4 Digital' diagnoses per year, the maximum number being 15.

Luxinnovation also reserves the right to revoke accreditations prior to their expiry pursuant to the conditions set out below (§4). Service providers may also relinquish their accreditation at any time: in this case, all ongoing projects must be completed first.

4. Withdrawal of the accreditation

Failure to comply with any of the obligations set forth in these specifications, or any violation which is detrimental to the company, Luxinnovation or the Ministry of the Economy, is liable to result in a withdrawal of the service provider's accreditation under the 'Fit 4 Digital' programme upon the decision of Luxinnovation.

The consultant will be notified by e-mail of the non-compliance in question and invited to provide whatever explanation he deems useful within seven days. Luxinnovation will then e-mail the consultant again to let him know its decision in light of the explanations provided.

Any exclusion will result in an immediate ban on making use of the accreditation as part of the 'Fit 4 Digital' programme. Any files in progress with a candidate company must be completed within the established schedule, unless the company wishes to terminate its relationship with the consultant immediately. In this case, the termination conditions shall be governed by general contract law.

Ethics

Consultants seek to promote the 'Fit 4 Digital' programme by following the basic rules of good conduct, particularly by refraining from aggressive canvassing, and by providing information about the programme in a clear and transparent manner.

They must also make sure that the 'Fit 4 Digital' programme meets the company's requirements.

To ensure the transparency and impartiality of relationships with the company, 'Fit 4 Digital' consultants must inform companies when making first contact if they are involved in selling solutions that could be implemented under the 'Fit 4 Digital' programme (for example, an accredited 'Fit 4 Digital' consultant who is an ERP editor or retailer or a web designer must notify the company accordingly).

Failure to comply with these rules or those set forth in the specifications may result in a withdrawal of the 'Fit 4 Digital' accreditation.

If necessary, the service provider will direct the company towards any other appropriate programme, aid or funding, or towards Luxinnovation. In case of doubt, Luxinnovation may also contact companies to make sure that they have been correctly informed about the different opportunities and to tell them about any other programme(s) which may be considered more appropriate.

Service providers must also take care not to discredit the IT providers which are already under contract with the company.

Service providers must respect the confidentiality of any information communicated to them as part of their assignment.

They undertake to report any potential conflicts of interest (current IT service provider of the company), whether capitalistic (equity participation in the capital of a company which could potentially be a candidate) or relating to the exercise of functions (the service provider belongs to the managing bodies of the candidate company), directly or through the intermediary of a legal entity.

Conflicts of interest do not necessarily prohibit the service provider from being commissioned within the scope of 'Fit 4 Digital' to work with the company with which there is a conflict of interest. However, Luxinnovation reserves the right to exclude the service provider on a case-by-case basis.

Image rights

Accredited service providers also unreservedly authorise Luxinnovation to:

- Make full and irrevocable use of any fixed or moving images of them as well as any sound footage featuring them, either taken or recorded during shoots (interviews, films, photos, etc.) as well as various recordings made by Luxinnovation or any other person acting on their behalf;
- Use their first names and surnames for the operating purposes defined below.

These images and this sound footage are intended to be reproduced, represented and/or adapted, in full or in part, if applicable, in all materials created by Luxinnovation (various publications such as journals, magazines and other press, television, radio or social media materials, including the internet, etc.) to promote or provide information about the 'Fit 4 Digital' programme.

This kind permission shall be valid throughout the world and without any time limit.

Service providers also acknowledge the fact that they cannot claim compensation for damage regardless of how the images and sound footage featuring them are used.

The Ministry of the Economy and Luxinnovation reserve the right to modify or delete the programme conditions at any time and without notice.

In the latter case, the accreditations granted shall be automatically terminated as of right.

I, the undersigned,

acting as of the company

hereby acknowledge that I have read the aforementioned provisions governing the 'Fit 4 Digital' programme, and I undertake to comply with them.

Done in

On

Signature