Digital transformation of trading SMEs and corresponding support programs in Korea

Su Jin Seo
New Opportunity: Digital Transformation

Growth in goods orders through e-commerce, May 2020

- E-commerce helps consumers access the goods they need in times of confinement and helps businesses, including smaller ones, maintain economic activity. By May 2020, online orders were up 50% year-on-year in Europe and 120% in North America, with part of this demand being met by cross-border trade in parcels.
- Ensuring that parcels get to where they are needed requires a range of policy actions, including logistics services liberalisation.

*Source: OECD (2020), Leveraging Digital Trade to Fight the Consequences of COVID-19

Digital Transformation and Change Management

- Technology acceptance is relatively low compared to development
- COVID-19 has increased technology acceptance.

*https://www.liquidtelecom.com/insights/innovation-blog/Did_Coronavirus_just_kick_start_the_digital_economy*
KOREAN POLICY

KOREAN NEW DEAL 2.0

Digital New deal

Green New deal

Carbon neutrality
- Green Transition of Infrastructures
- Low-Carbon and Decentralized Energy Supply
- Innovation in Green Industries

Human New deal

Local New deal

D.N.A eco system
- Contactless infra upgrade
- Hyper-connect new industries
- SOC Digitization

Employment and social safety net
- Human resources investment
- Young adult policy
- Narrow the gap

Rapid execution of K-new deal regional project
- Spread of new deal project led by the local governments
- Promising local projects
- Balanced regional new deal ecosystem

https://www.knewdeal.go.kr/#firstPage
Challenge 1: market information

BIG DATA PLATFORM

01 Recommendation export promising market by items
Country information, market information, news, import regulations etc.

02 Global trade & investment statistical data by item (HS Code)
Providing most selling/slow-moving items, statistical information by market

03 Recommendation potential buyers
Tailored partner recommendation by foreign company DB-based
Challenge 2: marketing

Korea B2B platform

Comprehensive Cooperation Measures

amazon BUSINESS
Alibaba.com
global sources

buyKOREA

KOREA B2B Platform
Next buyKOREA

**Solution**

**Oversea marketing + Matching**
- 127 overseas offices in 84 countries
- Payment & Logistics upgrade
- Deal closing function development

**Digital Logistics Platform**
- Connect 1,871 partners
- Win-win cooperation between Big and SMEs
- Obtain B2B overseas buyer

**Remittance + Escrow Payment (P@yGOS)**
- 30% annual growth since 2015
- B2B Customer Data Collection
- Obtain B2B Overseas buyer

Image source: SAMSUNG SDS, the 8th cello conference 2021.5.13.
## Challenge 2: Marketing

### Branch agent service

<table>
<thead>
<tr>
<th>Stages</th>
<th>Program</th>
<th>Duration</th>
<th>Corporate Charges</th>
<th>Supporting agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td>[Basic marketing support]</td>
<td>6M</td>
<td>KRW 500,000. USD 420.</td>
<td>OKTA</td>
</tr>
<tr>
<td></td>
<td>Market research, potential buyer, networking. Base translation of the corporate promotion materials, test sales (only consumer goods)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>[Marketing &amp; Export support]</td>
<td>1Y</td>
<td>KRW 2.5<del>3million USD2,100</del>2,530. (differ by country)</td>
<td>KOSME KOTRA OKTA</td>
</tr>
<tr>
<td></td>
<td>Deal closing support, Exhibitions· conventions participation support, consultation, brand promotion, global partnering, acquiring license to enter global distribution channels in a country, project participation, create local incorporation support and other services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>[export &amp; localization support]</td>
<td>1Y</td>
<td>KRW 6.65<del>10.15million USD5,600</del>8,600. (differ by country)</td>
<td>KOSME OKTA</td>
</tr>
<tr>
<td></td>
<td>Tech export (alliance), GVC support, accelerating service, data science consulting, entering global procurement, target market access by item, incubating service, O2O service, local investment service, and so on.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Rapid Support for SMEs

Daily Counseling
- Online, Visit, Customer support center (U-Counseling system)

On-site Clinic
- 1~7 days on-site problem solving by experts (differ MD by subject)

Support project linkage
- Finance, Consulting, R&D linkage
  - Law·System·Policy improvement

1,357 Customer Center

SMEs Business Support Group (13)

Bizlink Homepage

Total Counseling
- Total operation
- Call receive, distribution

Startups-Environment
- Startup counseling
- Law/regulations

Finance-Management
- Finance/currency risk management
- Accounting/Tax
- HRD/HRM, Management etc.

Technology-Information
- Technology·IP
- Information
- Production technology

Export-Channel
- Export matters
- Channels/Public procurement
- Fair Trade

SME Support Council 11 (joining local provinces, support organizations, associations etc.)

SMEs apply to solve various difficulties

Source: www.sems.go.kr/bizlink
### Challenge 3: Financial Support

**Export voucher**

**13 service menu categories, 6,000 support programs**

<table>
<thead>
<tr>
<th>Exhibition/Event/Overseas Operation Support</th>
<th>Research/General Consulting</th>
<th>Legal · Taxation · Accounting Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patent/Intellectual Property Protection/Examination</td>
<td>Overseas standard certification</td>
<td>Promotion/Advertisement</td>
</tr>
<tr>
<td>Brand Development · Management</td>
<td>Design Development</td>
<td>Promotion Videos</td>
</tr>
<tr>
<td>Document Agency/Local Registration/Exchange Insurance</td>
<td>Empowerment Education</td>
<td>Translation</td>
</tr>
<tr>
<td></td>
<td>International Shipment</td>
<td></td>
</tr>
</tbody>
</table>
Translation
Company brochure
Create leaflet

Homepage construction

Trademark registration

Trade training

Market research
consulting

Package design

CE certification

Brochure printing

Made product
detail page

Create video clip for
company introduction

Social Media Ads

Search Engine
Optimization

Contract agreement
Legal consulting

Participate in overseas
exhibition

Influencer marketing

etc.
### Performance of export voucher program, 2020

<table>
<thead>
<tr>
<th>Supported enterprises (no.)</th>
<th>Supported amount (US$)</th>
<th>Export performance (million $, %)</th>
<th>Employment performance(no, %)</th>
<th>Non-exporting company to exporting company(no, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>performance</td>
<td>YoY</td>
<td>Performance</td>
</tr>
<tr>
<td>3,268</td>
<td>$99,024,183.116.7 billion won</td>
<td>2,286</td>
<td>376</td>
<td>68,306</td>
</tr>
</tbody>
</table>

Source: KOSME, annual report 2020
### Challenge 4: Human Resources

**Upskill Talent Support**

<table>
<thead>
<tr>
<th>E-commerce trend in contactless area</th>
<th>Online export marketing</th>
<th>Self-export declaration using UNIPASS</th>
<th>Accounting for export transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platform: digital community</td>
<td>marketing paradigm shift in a digital era</td>
<td>Direct export declaration practice through UNIPASS</td>
<td>Zero tax rate and tax exemptions under the value-added tax act</td>
</tr>
<tr>
<td>Digital product marketing</td>
<td>SNS marketing</td>
<td>How to reduce purchase cost by using confirmation of purchase</td>
<td>Practice by export type</td>
</tr>
<tr>
<td>Micro influencer</td>
<td>Google SEO</td>
<td></td>
<td>How to fill out forms for import/export accounting</td>
</tr>
<tr>
<td>Cases overseas marketing strategies</td>
<td>Amazon/Shopee entry strategies</td>
<td></td>
<td>Accounting for import/export</td>
</tr>
<tr>
<td></td>
<td>Digital platform usage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Online Export Marketing**

- E-commerce trend in contactless area
- Marketing paradigm shift in a digital era
- SNS marketing
- Google SEO
- Amazon/Shopee entry strategies
- Digital platform usage

**Self-export Declaration Using UNIPASS**

- Direct export declaration practice through UNIPASS
- How to reduce purchase cost by using confirmation of purchase

**Accounting for Export Transactions**

- Zero tax rate and tax exemptions under the value-added tax act
- Practice by export type
- How to fill out forms for import/export accounting
- Accounting for import/export
Recommendations for Latin America and the Caribbean

1. Changes need SPEED
   - Digital initiative, Infrastructure, Investment, and skills

2. Create practical support program for SMEs
   - Example: Export voucher program

3. Provide 100% reliable information to SMEs
   - Plenty of information on internet. But data trust and accuracy are crucial to be useful to SMEs.

4. Develop and upskill talent
   - Need digital based training programs & qualified instructors
   - Investment in human resources
Thank you

E-mail: tripleact@gmail.com