Skillnet
INNOVATION
EXCHANGE

Impact Assessment 2022-2025

Report by

KHSK
Economic Consultants

Foreword

Skillnet Innovation Exchange has transformed Ireland's innovation landscape since 2022, creating the country's first marketplace for innovation. In just four years, it has delivered €5 million in SME deal flow, 6,000 training days and a nationwide network of partners forming a vibrant innovation ecosystem. An independent impact assessment prepared by KHSK Economic Consultants shows that Skillnet Innovation Exchange is driving real growth and is well positioned to scale its impact.

Statement of Purpose

Launched in 2022, Skillnet Innovation Exchange has created Ireland's first marketplace for innovation — a platform designed to connect large businesses facing digital transformation challenges with Irish SMEs capable of delivering the solutions. This marketplace is strengthened by a nationwide ecosystem of supports — from talent development to networking — that enables SMEs to upskill, grow, succeed, and scale.

Skillnet Innovation Exchange has quickly become a significant player in Ireland's innovation ecosystem. To capture its achievements and inform future growth, KHSK Economic Consultants were commissioned to conduct an independent impact assessment.

Statement of Impact

In just four years, Skillnet Innovation Exchange has delivered measurable impact across SMEs, corporates and the wider innovation ecosystem:

- **€5 million in deal revenue** generated for SMEs through **30+ contracts** signed.
- Almost **6,000 training days** delivered, with a strong focus on sales and commercial skills.
- **A nationwide footprint** established through a regional partner network, forming the basis of a vibrant innovation ecosystem.

Beyond these highlights, Skillnet Innovation Exchange has achieved impact on multiple fronts:

- **SME Growth:** Through access to corporate challenges, commercial capability development and confidence building.
- **Innovation Adoption:** 70+ challenges published, simplifying how innovation is sourced and implemented.
- **Talent Development:** Thousands of training days strengthening commercial capabilities.
- **Collaboration:** New partnerships forged through Discovery Exchange and member networks.
- **Regional Impact:** nationwide footprint supported by regional partners.
- **Ecosystem Expansion:** 1,500 participants engaged, 50+ events delivered.
- **Sectoral Focus:** Targeted interventions and activities in areas such as sport and sustainability.
- **Policy Alignment:** Supporting national priorities in competitiveness, digital transformation, sustainability, talent development, and regional growth.

Statement of Ambition

Skillnet Innovation Exchange has built strong momentum in its first four years. A proven challenge framework is now in place — with finely tuned processes for proposals, pitching, mentoring, and procurement — and an engaged community. All coming together to drive results.

It responds to market demand through industry initiatives such as Digital for Sport, Discovery Exchange, and most recently Digital for Sustainability — helping businesses manage growing pressure to deliver reliable ESG data to multiple stakeholders.

Skillnet Innovation Exchange has shown that it can make a meaningful contribution to Ireland's competitiveness by supporting innovation development and accelerating its adoption.

Looking ahead, Skillnet Innovation Exchange is well-positioned to scale its impact by:

- **Empowering more SMEs** to grow revenue, create jobs and strengthen competitiveness.
- **Enabling more corporates** to access innovative solutions, collaborate with top talent and achieve operational efficiencies.
- **Expanding its areas of intervention** to address sectoral or thematic challenges.
- **Deepening the innovation ecosystem** across Ireland — and potentially across the entire island.

With a strong foundation, a proven model and a track record of delivery, Skillnet Innovation Exchange is very well positioned to build on momentum achieved to date.

Conor Carmody
Director Skillnet Innovation Exchange

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Executive Summary

Context of this Study

Ireland is a small open economy and industrial development policy has long recognised and emphasised the importance of competitiveness. There are many factors that determine competitiveness, and the ability of firms to develop new processes and bring new products to market through ongoing innovation is key.

Consistent and effective innovation does not occur randomly but is most reliably achieved in structured settings with formal and informal interactions between entities and individuals. The ability of firms to collaborate with competitors and organisations that may operate in different ways is important. The development of networks is an important factor promoting this and strong networks are known to be a feature of competitive regions.

Policy statements for Ireland's development into the medium term consistently stress the need for regional balance. This means that interventions to develop networks and promote innovation must have regional and local reach and include the development of working relationships.

Study Objectives and Methodology

This study reviews the operations of Skillnet Innovation Exchange and identifies its main impacts. Skillnet Innovation Exchange seeks to assist larger organisations that have identified challenges to connect with small innovative firms (SMEs) that have the capacity to develop solutions. It also assists these SMEs to upskill to engage with larger organisations.

Two main sources are used as the information base for this assessment. The first is a dataset that has been compiled by Skillnet Innovation Exchange. This is the main source of information on Skillnet Innovation Exchange activities and the outcomes of these activities. The second is a consultation process with large and small firms and organisations who have participated in activities and events organised by Skillnet Innovation Exchange and other organisations with which it has formed partnerships. In addition, the review makes use of relevant published earlier research and policy statements and research undertaken by Skillnet Innovation Exchange.

Given the study's objectives, two challenges were identified that influenced the approach taken to this assessment. The first is that Skillnet Innovation Exchange is at a relatively early stage in its operations having been launched in 2022. The second is that the model that is used to assist enterprises in developing collaborative arrangements provides information and a forum to introduce small and larger firms but the commercial relationships that may result – the deals – are concluded by the firms. These features mean that standard economic metrics, while relevant, cannot fully capture the impact of Skillnet Innovation Exchange.

Achieving Collaborative Innovation

Although networks and arrangements that promote collaborative innovation can serve as valuable drivers of competitiveness, there is a range of structural and operational barriers that may inhibit their formation and effectiveness. Barriers to collaborative innovation include perceived risks, limited access to relevant information, the absence of enabling public goods, and differences in capacity and constraints between large and small firms.

The role of Skillnet Innovation Exchange is to provide organisations with the ability to overcome the barriers to collaborative innovation by:

- Providing a forum where corporates can engage and SMEs can access opportunities in an easily navigable environment.
- Enabling interaction and information transfer between SMEs with innovative solutions and larger corporates that are facing challenges.
- Reducing the risks associated with diverging from usual practices by providing information, training and support in a credible structured process.

This role is very well aligned with the promotion of competitiveness which is at the core of Ireland's industrial development policy.

Skillnet Innovation Exchange undertakes a range of activities to stimulate information transfer and induce collaborative innovation. These include building networks, organising events and providing training. The process of getting corporates to provide challenges to SMEs who then submit proposed solutions that are assessed is central. The targeted outcome of this process is the agreement of deals between participating organisations.

Engagement with SMEs has far exceeded targets and membership has grown year-on-year. Skillnet Innovation Exchange has created a network and facilitated over 70 challenges since 2022. About 30 deals between SMEs and corporates will have resulted by the end of this year with an estimated value of €5 million. There is a strong pipeline of challenges at a rate of about 2 per month.

An extensive regional network has been developed that provides local reach and contact to inform firms of Skillnet Innovation Exchange's activities and promote engagement. Relationships have also been developed with Research Ireland and Sport Ireland.

Impact of Skillnet Innovation Exchange

Many of the deals agreed mean that Irish firms are now providing goods and services that would previously have been imported, with new employment being created in Ireland. However, comprehensive numbers on the full impact on employment and output are not available. The available metrics underestimate the full impact as there are a number of instances where proposed solutions are working their way through the evaluation process with the likelihood of more deals. Some challenges have also led to ongoing collaboration between firms and SMEs, having gained initial access to corporate procurement and successfully completed deals, are well positioned to win repeat business. It is also clear from the research undertaken that the greatest impacts, on SMEs in particular, arise in the form of the confidence, information, access to decision makers and training that is provided. The impact of this arises across their businesses, not just in the deals.

Skillnet Innovation Exchange's impact depends on its ability to leverage its network, the regional structure and the collaborative model that has been created to address the barriers to collaborative innovation. Discussions with organisations in the network indicate the following impacts:

- Access: Skillnet Innovation Exchange's activities, in particular the challenges, enable access for SMEs to the markets that exist in the supply chains of larger entities. A range of barriers means that these markets are effectively closed to many SMEs. This also allows corporates to obtain solutions for minimal investment and break through barriers that can result in resistance to buying from SMEs.
- State services: Skillnet Innovation Exchange provides information and access for SMEs to the range of services that are available from Skillnet Ireland and other enterprise development agencies.
- Information flow: Skillnet Innovation Exchange facilitates information flow between entities that have little interaction and limited knowledge of each other's businesses. SMEs do not know what problems larger firms are likely to encounter. Corporates often do not know what is available from SMEs outside their established supply chains and internal competencies.
- Risk reduction: The Skillnet Innovation Exchange process reduces risks from innovation. There is less risk attached to innovation if it is being undertaken in response to a known demand. For corporates, undertaking a challenge is a very low risk means of seeing what is available in the market.
- Credibility: Skillnet Innovation Exchange builds credibility as corporates understand that it will not put unproven solutions forward. SMEs also learn to upgrade their ISO, GDPR, security and other compliance policies.

- **Guidance:** Skillnet Innovation Exchange provides guidance to both SMEs and corporates on how to identify problems, how to present the problem to possible solutions providers, how to respond, and how to move towards a deal.
- **Talent development:** Skillnet Innovation Exchange works closely with SMEs to develop capability in commercial skills which are required to develop a corporate sales pipeline.
- **Confidence:** Many SME managers lack the confidence to approach larger firms. The Skillnet Innovation Exchange process enables them to engage in learning-by-doing and gain the confidence to access this market.
- **Simplification:** The Skillnet Innovation Exchange model simplifies procurement for both SMEs and corporates through providing a low cost, low risk and time efficient way to explore new opportunities.
- **Policy implementation:** Skillnet Innovation Exchange is playing an important role in implementing regional policy. There are powerful incentives that continue to drive existing trends and patterns. Skillnet Innovation Exchange leverages and strengthens the existing regional economic developing organisations. Its operating model means that developing skills and winning deals is not dependent on location.

Skillnet Innovation Exchange members and corporates expressed considerable satisfaction with the quality of the services that are provided by Skillnet Innovation Exchange personnel and the importance of one-on-one guidance at key points in the process.

Opportunities and Potential

Skillnet Innovation Exchange has developed an extensive network, regional partnerships, and successful operational processes. The growth trend means that the number of firms with which Skillnet Innovation Exchange has interacted has exceeded initial targets and this total could double over a further 4 years, that is, up to the start of 2030. The role of regional partners is important in this respect, and this role has only been fully operationalised over the past year.

The holding of challenges and the subsequent process at a rate of 2 per month is central to what distinguishes Skillnet Innovation Exchange. As membership rises, this rate could double to 4 per month with a proportionate rise in proposals, pitches and deals. This will require an ongoing focus on identifying innovative solutions to the barriers to collaborative innovation in both SMEs and larger firms.

The greatest opportunity arises as a result of the virtual infrastructure that has been created in the form of the Skillnet Innovation Exchange network and its operating processes. This is a valuable knowledge asset. One of the most important characteristics of knowledge is that it can be leveraged through scaling without being diminished. The value of a network increases, often exponentially, as it grows and its use increases. This results in increasing returns to scale, in contrast to the decreasing returns to scale that typically arise with investment in physical infrastructure that depreciates with use or as it approaches carrying capacity.

While there will be costs associated with scaling Skillnet Innovation Exchange's operations, the prospect of increasing returns to scale means that the return on investment is likely to rise with additional funding as the network becomes more valuable and its use increases.

Based on this, maximising the potential beneficial impact of Skillnet Innovation Exchange now requires a step change in its scale to leverage the asset that has been created.

1. Introduction

1.1 Background

This report has been prepared by KHSK Economic Consultants following a request from Skillnet Innovation Exchange to prepare a report reviewing and examining the operation and impact of Skillnet Innovation Exchange since its establishment that provides the basis to identify opportunities for its ongoing growth and development. Skillnet Innovation Exchange, an initiative of Skillnet Ireland, has established itself as an active, enterprise-orientated, policy-informed intervention in Ireland's innovation ecosystem having been launched in February 2022 following a pilot and establishment period in 2021. An innovation ecosystem is defined as a dynamic, interconnected network of entities – corporate, academic and State – that collaborate to drive innovation and create value. Skillnet Innovation Exchange's role is focused on identifying opportunities and creating interconnections and networks between entities to promote and facilitate collaboration.

Skillnet Innovation Exchange received initial funding for one year of operation and this was then extended for a further three years with an investment of approximately €5 million. This funding is allocated via Skillnet Ireland from the National Training Fund overseen by the Department of Further and Higher Education, Research, Innovation and Science. Skillnet Innovation Exchange operates a co-funding model with funds being obtained through membership fees and sponsorship.

Skillnet Innovation Exchange seeks to fulfil its mission of promoting collaborative innovation by connecting larger established businesses and organisations, in a range of sectors, (described as 'corporates') that have identified innovation challenges – that have not been resolved internally or through their known or established procurement channels – with smaller, often early stage, innovative solutions providers (the SMEs) that can fast track the solutions[1]. It operates across the country with dedicated regional structures. By building networks, Skillnet Innovation Exchange aims to create a platform or marketplace for innovation in Ireland and to structure this in a manner that is readily available and accessible to both corporates and SMEs.

The ability to innovate has important consequences for the competitiveness of individual firms and the overall economy. Innovation provides firms with a sustainable competitive edge. It underpins efficiency, leads to the development of new products and access to new markets, helps firms to adapt to changes in their working environment, and to attract

[1] This report uses the terms 'corporates' and 'SMEs' to describe firms with which Skillnet Innovation Exchange interacts. 'Members' are SMEs that have paid an annual membership fee and are entitled to participate in Skillnet Innovation Exchange events and respond to challenges from corporates.

talent. This operates at both micro and macro levels within the economy. Performance in this regard clearly depends on the internal competencies of firms and the industrial structure of the economy. However, it also depends, on the ability of the economy, and the information-based institutional infrastructure that operates within the economy, to provide firms with incentives and guide them in realising the competitiveness that arises from innovation. While clearly most applicable to firms in areas of new technology, it is by no means restricted in this regard and entities in all sectors of the economy can benefit from a culture that promotes innovation.

The ability to collaborate with a range of partners is known to be an important element in promoting innovation and its commercialisation. Private firms benefit from collaboration with centres of knowledge generation such as research centres and universities; large and small firms benefit from collaboration to combine access to markets with new ideas and methods; the public and private sector gain by combining the longer time horizons of publicly backed organisations with the imperative of private operators to obtain solutions and obtain a timely return on investment. However, there can be impediments arising from issues such as lack of information, perceptions of risks and resistance to change among all entities.

The collaboration model promoted by Skillnet Innovation Exchange involves bringing together a range of players including publicly funded organisations, such as Sport Ireland, Research Ireland, local authorities, large corporates and small firms. Organisations in each of these sets of entities bring strengths but each also face challenges. So, while large corporates have name recognition, buying power and strong finances, they may often face challenges that arise from their complexity as large organisations and resistance to change, not necessarily as a result of overt resistance, but due to the inertia that arises from established practices and intrinsic, non-codified corporate knowledge. The publicly funded commercial or quasi-State sector comprises the largest market in the economy, but while actual procurement is often undertaken by relatively small units, these units also often operate within boundaries and cultures that are akin to the corporates. By its very nature, innovation often requires that they must operate outside these established boundaries.

SMEs, particularly those in an early growth phase, usually do not have these boundaries and are flexible and adaptable. However, they may lack brand recognition and do not have the financial or knowledge resources that are required to undertake the long term, engagement and marketing campaigns that would be required to build relationships with large firms and be competitive partners in their supply chains.

1.2 Methodology and Data

An important aim of this report is to identify what has been achieved as a result of the funding provided, not how funds have been allocated internally within Skillnet Innovation Exchange . It is not an accounting exercise or an analysis of expenditure and there is no line drawn between the funds that have been allocated to any identifiable activity and the undertaking of that activity. Rather, the focus is on the overall range of activities of Skillnet Innovation Exchange, the operational structures that have been created, and the impact of these activities.

This poses two challenges. The first is that the organisation, at the time this analysis is being undertaken, has been operating for only a little over three years. This is a relatively short timeframe to create institutions, establish relationships, undertake activities and see the benefits of these activities come to fruition. Skillnet Innovation Exchange is effectively progressing from its start-up phase to being an established part of Ireland's industrial development institutional infrastructure and, as a result, the ultimate full impact of its activities remains to be realised.

The second arises from the fact that while Skillnet Innovation Exchange's activities may be summarised, these activities are best categorised as outputs from the funding. Comprehensive data on these activities are used in this report and these can be assessed against key performance indicators (KPIs). However, these outputs, while highly relevant to an examination of Skillnet Innovation Exchange at this stage of its operation, are not the objectives of Skillnet Innovation Exchange . These require an examination of the impact of its operations on the collaborating businesses, both the corporates and the SMEs. There are extensive quantitative data available in relation to the inputs and outputs. However, this is not the case in relation to Skillnet Innovation Exchange's impacts. This is not simply a result of the short time factor. Skillnet Innovation Exchange engages in making connections between firms. It pulls back once commercial negotiations are underway. As a result, it is difficult to identify quantitative metrics that describe the ultimate impact, for example, in terms of jobs created, new product sales or contribution to Gross Domestic Product. Indeed, such metrics would not be an adequate or appropriate way to assess Skillnet Innovation Exchange's impact as it would involve an assumption that these activities would not have taken place without its involvement. This analysis makes no such assumption but examines Skillnet Innovation Exchange's impact based on feedback from firms and individuals with whom it has engaged. While some metrics have been identified, these are not comprehensive and the assessment is primarily based on qualitative data.

There are three elements to the methodology in this report. The first is a brief review of policy publications and previous research that provides the context for the operations of Skillnet Innovation Exchange. The second is a review of data on Skillnet Innovation Exchange's operations and activities that has been provided by Skillnet Innovation Exchange. These data are mostly quantitative and the review also includes reports that were generated internally including data in the form of feedback from firms and participants on training programmes. The third methodology involved a consultation process that was undertaken by means of face-to-face interviews with a range of firms and organisations with whom Skillnet Innovation Exchange has engaged over the past three years. These interviews were mostly with representatives of SMEs, but a small number of representatives of larger firms and Skillnet Innovation Exchange regional partners were also included. The information obtained is mostly qualitative data and provides the best available basis for assessing the impact of Skillnet Innovation Exchange's activities.

1.3 Structure of this Report

Section 2 of this report provides an overview of the operational context of Skillnet Innovation Exchange. It briefly examines the role that has been accorded to innovation and collaboration in thinking on Irish industrial policy and the challenges that research has identified that will need to be addressed. This is not a comprehensive review of the extensive industrial development literature on the importance of innovation, collaboration and business networks, all of which have been seen as issues of importance in Irish industrial development policy for more than 30 years. It also identifies the barriers that exist to collaborative innovation, overcoming which provides the rationale for Skillnet Innovation Exchange's activities, and provides a high-level summary of Skillnet Innovation Exchange's operational structure.

Section 3 provides a detailed review of Skillnet Innovation Exchange's operations with considerable quantitative data on the range of activities that have been undertaken over the past 3 years or so. In all cases these include a degree of collaboration and the formation of networks between stakeholders to foster information transfer and collaboration. An important aspect of the operational model is that Skillnet Innovation Exchange has developed relationships with regional partners to enable it to leverage the contacts and networks of existing institutions.

Section 4 examines Skillnet Innovation Exchange's activity in providing training. While creating linkages provides opportunities, having the required competencies to realise these opportunities and develop them into sustainable abilities is key to developing competitive advantages. Regional partners are also important in the delivery of this training.

Section 5 concentrates on the outcomes and impacts of Skillnet Innovation Exchange's activities to build collaborations. There are two data sources. The first is quantitative data on the outcomes of its processes following challenges with a focus on the deals that have been agreed. The second is based on consultations with entities that have engaged with Skillnet Innovation Exchange to identify outcomes that have arisen as a result of its activities. This is an important issue as it allows for linkages to be drawn between the funding provided and the benefits as perceived by targeted entities.

The final section summarises the main findings of the report and identifies opportunities to grow Skillnet Innovation Exchange's impact.

2. Operational Context of Skillnet Innovation Exchange

2.1 The Policy Context

Skillnet Innovation Exchange has sought to promote collaborative innovation to achieve its objectives. This approach has quite a long history in Irish industrial policy and can be traced back to the publication of *A Time for Change*, often known as 'the Culliton Report', by the Industrial Policy Review Group in 1992[2]. This review altered the approach of Irish industrial policy by placing a greater emphasis on the importance of optimising and aligning a wide range of factors in the economy if a competitive indigenous sector was to be created to fully realise the benefits of the multinational sector, the development of which had dominated industrial thinking in earlier decades. This new approach is captured by the concept of competitiveness, within which innovation was seen as an important primary objective.

The work of the industrial policy review group was greatly influenced by the research and writing of Michael Porter, an economist at Harvard Business School. Porter's work emphasised the importance of competitiveness in the economy but also pointed to an observation that competitiveness tended to be concentrated in, sometimes restricted to, certain areas and certain sectors in most economies. These competitive locations became known as clusters and were considered to have an important locational character. For a modern information-based economy, it was considered that this did not require proximity to a particular primary resource, but the ability of economic entities to collaborate to obtain and use information.

Widespread support for this idea soon developed among stakeholders in the social partnership model that played a large role in the determination of Irish economic policy at the time. One outcome was the publication by the National Economic and Social Council of an examination of industrial clusters and the sources of competitiveness within those areas[3]. This research confirmed that clusters coincided with competitive regions and promoted the competitiveness of these regions. However, it left open an important question: how can policy facilitate and drive the development of clusters? After all, this work was essentially an *ex post* recognition of the role of clusters, similar to how they were dealt with in Porter's research, and while it pointed to the factors that drive the development of clusters and why they might be beneficial to competitiveness, the research did not identify how clusters could be promoted by policy.

[2] Industrial Policy Review Group (1992). *A Time for Change: Industrial Policy for the 1990s*

[3] National Economic and Social Council (1996) *Networking for Competitive Advantage*. Report No. 100

Some of the reasons for the success of clusters are obvious. For example, clusters imply locational concentration – often termed agglomeration – which can give rise to economies of scale as concentrated demand leads to opportunities for efficiencies in supply if markets are competitive, a factor described by Porter as rivalry. This appears in input supply chains and in the labour market and often leads to better quality at lower prices. This is the very essence of competitiveness. It is also clear that being close to other businesses in similar sectors would enable a transfer of knowledge between businesses. This again aids economies of scale and should also promote greater competition between potential suppliers as information is dissipated among competitors.

The questions remained however regarding the role of policy. Given the importance of knowledge transfer in the competitiveness of clusters, it was a logical step to examine how collaboration might be fostered through the development of networks promoted by policy rather than waiting for them to appear organically. The problem with this approach is that collaboration faces the hurdle that firms intuitively see a downside of engaging with competitors. Furthermore, while firms are individual entities, they have long engaged in forming associations, and experience indicated that this did not always create competitive outcomes[4]. Such collaborative association can become the antithesis of competition or rivalry, which was seen as an essential element of competitiveness.

Irish policy became focused on improving competitiveness, leading to the formation of the National Competitiveness Council (now renamed as the National Competitiveness and Productivity Council). The Council monitors Ireland's competitiveness and publishes regular reports to Government. A review published in 2022 indicates that an emphasis was placed on innovation as a core driver of competitiveness in its early years[5]. However, this emphasis was not maintained over the years. Competitiveness came to focus increasingly on cost control during the 'Celtic Tiger' years, and then on achieving macroeconomic stability following the crash. As Ireland's economic recovery became established there was a renewed emphasis on microeconomic factors such as skills and, latterly, on innovation. This is indicated by Figure 2.1[6].

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[4] Industry associations are often focused on how to divide up the wealth and resources of the economy. With collaboration and clusters, the focus is placed on how to increase this wealth through the development, transfer and implementation of new ideas.

[5] National Competitiveness and Productivity Council (2022) *Promoting Competitiveness in Ireland – 25 Years On*. NCPC Bulletin 22-4

[6]

Figure 2.1: Emphasis Placed on Innovation's Role in Competitiveness

Note: Charts are based on the frequency of topics as discussed in NCPC/NCC reports. The sizes of words are scaled to the priority accorded to these topics in the reports. Source: Extracted from NCPC (2022)

This renewed emphasis seen clearly in the *Economic Recovery Plan* that was developed in the aftermath of the COVID crisis[7]. *The Plan* identified four pillars to support economic recovery, including supports and policies targeted at rebuilding sustainable enterprises. It committed to the creation of a new *National Strategy for Research and Innovation* and to a *National Clustering Policy and Enabling Framework*. This was followed by the publication of *Ireland's National Recovery and Resilience Plan* which ensured that Irish policy was aligned with EU policy and enabled the application of EU funding to the Plan[8]. This identified an investment of €85 million in a programme to *Drive Digital Transformation* through *supporting the digital transformation of companies, driving increased adoption and diffusion of digital technology, including innovation and clustering* (page 22).

Arising from these commitments, the *Recovery Plan* was followed by the publication of *Impact 2030* which set out a strategy for research and innovation[9]. As part of its vision, this strategy identified that Ireland will be an economy where '*Enterprises, particularly SMEs, start, succeed and transform through innovation, knowledge exchange, research commercialisation and access to highly skilled people*' (page 3). Impact 2030 points to the importance of increased collaboration and emphasises that this is a multi-faceted concept that must involve many partners, including academic researchers and commercial businesses, large firms and SMEs, and the public and private sectors. It states that *'Effective interventions in driving academic-industry collaboration, knowledge transfer, innovation driven entrepreneurship and pre-commercial public procurement are all key to realising the ambition in Ireland's national digital strategy'* (page 36).

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[7] Department of the Taoiseach (2021) *Economic Recovery Plan 2021*

[8] Department of Public Expenditure and Reform (2022) *Ireland's National Recovery and resilience Plan: Europe's Contribution o Ireland's Recovery*

[9] Department of Further and Higher Education, Research Innovation and Science (2022) *Impact 2030: Ireland's Research and Innovation*

This renewed recognition of the importance of clustering to promote collaboration, and in particular the potential role of policy intervention to promote the development of clusters, led to the publication of a commissioned research report on clustering[10]. This research pointed to the importance that has been accorded to collaboration in underpinning competitiveness. While the report avoided adopting a restrictive definition of what constitutes a cluster, it found that, although the precise role of policy was not identified, there were 45 clusters or cluster development organisations operating in Ireland in 2022. Most of these have been established over the past decade, often in regional locations, and with public funding. However, they did not operate within a single or coordinated policy framework and the research found support for the idea that they generally emerged from the bottom-up. It pointed to potential benefits from the development of a framework and the need for professional organisations to manage the collaborative aspects of clusters. It also emphasised the benefits that would arise from a national cluster support policy as a result of increasing the levels of collaboration between SMEs and larger firms.

The growing importance being allocated to innovation, clustering and collaboration was reflected in the *White Paper on Enterprise*[11]. It identified 7 priority objectives including 'Stepping Up Enterprise Innovation'. The *White Paper* described innovation as '*the best way to generate sustainable, long-term productivity growth*' and set a target to increase gross expenditure on R&D to 2.5% of the economy. It committed to '*focus on strengthening links and collaboration between our public and business researchers, accelerating the commercialisation and use of new knowledge and new ideas*' (page 49) and to '*encourage collaboration across clusters and ecosystems to leverage new emerging opportunities for Irish enterprise*' (page 50). To this end, it committed to providing funding to national cluster organisations under a new National Clustering Programme and stated that these '*cluster organisations will facilitate collaboration and collective action between related companies*' (page 13). In making these commitments, the White Paper has again placed collaborative innovation at the centre of Irish industrial policy and has set out how this will be operationalised.

Skillnet Innovation Exchange approach is also well aligned with the recommendation of the OECD that the National Training Fund should be reformed to improve structural incentives for employers to take advantage of the training it funds[12]. The level of engagement that Skillnet Innovation Exchange fosters between state sponsored agencies and firms assists in raising awareness of the connection between the levy firms pay and the training opportunities that are available to them and their employees. This helps them

[10] Grant Thornton (2022) *Development of an Evidence Base to Support the Development of a National Clustering Policy and Framework*.

[11] Department of Enterprise and Employment (2022) *White Paper on Enterprise 2022-2030*

[12] OECD (2023), *OECD Skills Strategy Ireland: Assessment and Recommendations*, OECD Skills Studies, OECD Publishing, Paris, https://doi.org/10.1787/d7b8b40b-en. Action 4.2.

to see the links between the funds they pay into the National Training Fund and the potential rewards from incorporating training into their workplaces.

This review indicates that innovation is again at the centre of Irish industrial policy and that there is deep acceptance of the idea that collaboration, whether through proximate clustering or other knowledge transfer mechanisms, has an important role to play. This will not happen without funding, the scale of which is indicated by research undertaken by the Irish Universities Association (IUA)[13]. This points to required funding of €600 million over 5 years to promote research. Ensuring that the output of this research is commercialised in an efficient manner that includes SMEs and regional entities is necessary to optimise the return on such a level of investment.

2.2 Skillnet Innovation Exchange in Ireland's Innovation Ecosystem

This IUA research pointed to indications that Europe has been losing ground in terms of research and innovation, describing the EU as a '*global laggard*'. Within Europe, it states that *Ireland has a lot of ground to make up* (page 6). EU published research indicates that the picture is somewhat more complex than suggested by this analysis which was based on levels of investment as a percentage of national income, although it confirms that there are weaknesses in accessing funding for R&D[14]. For example, Ireland has one of the highest levels of innovation expenditure per person employed. The EU analysis describes Ireland as 'a strong innovator' with performance well above the EU average across a range of variables. It is particularly strong in public-private cooperation in research, the education levels of the population and the level of employment in knowledge-intensive industry. Notably, given the area of operations of Skillnet Innovation Exchange , Ireland is among the top 5 EU Member States in the percentage of innovative SMEs collaborating with others and there has been considerable improvement in this metric in recent years. This improvement is shown in Figure 2.2 with shows Ireland's performance compared to other EU member states with above average performance.

This is a very positive outcome, but it is not possible to conclude reliably that this performance is a result of the policy attention that has been paid to fostering collaborative networks in recent years. Ireland also ranks highly in entrepreneurship and has a supportive state institutional structure. However, it is weak in the level of R&D expenditure, environmental-related technologies and in design application. It also scores below average in terms of the percentage of SMEs introducing product innovation and there has been a decline in the rate at which SMEs have been introducing business process innovations.

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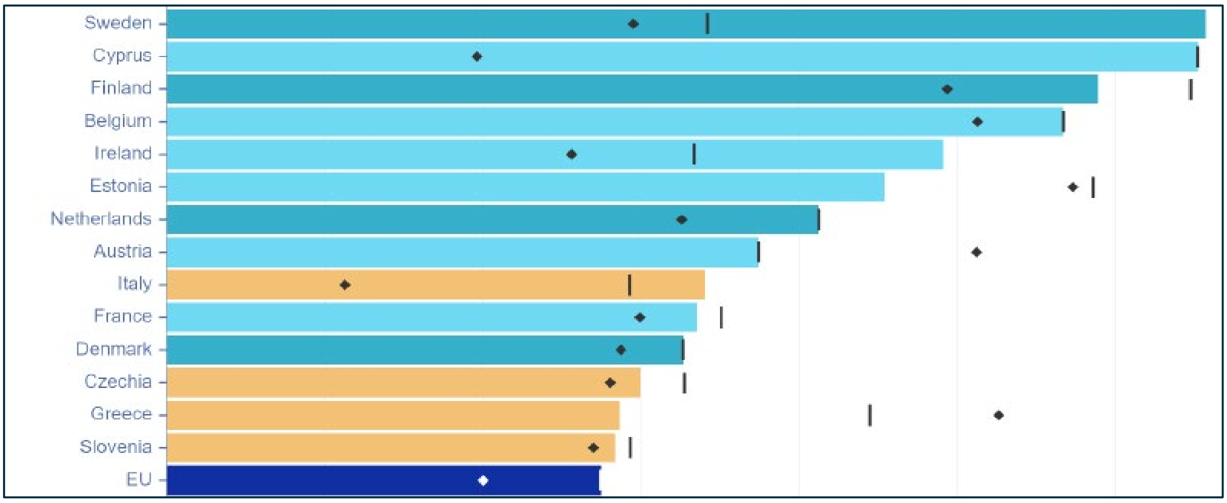
[13] Irish Universities Association (2024) *Building Ireland's Competitiveness and Innovation Capacity through a Research Infrastructure and Talent Development Fund*

[14] European Commission (2024) *European Innovation Scoreboard 2024: Country Profile – Ireland*

Figure 2.2: Percentage of Innovative SMEs Collaborating with Others, EU Member States



Source: European Commission (2024) *European Innovation Scoreboard 2024: Annex B -Performance by Indicator*. Note: Each country's score is indicated by the horizontal bar with the EU average shown by the bottom bar. The ◆symbol indicates the score in 2017 while ❙ shows the score in 2023. Ireland's score in 2024 was approximately 245, compared to approximately 135 in 2017 and 165 in 2024.

The performance of Ireland's corporate innovation and the challenges that are faced were examined in a report prepared for Skillnet Innovation Exchange in 2023[15]. This found that 80% of large businesses expected that innovation will play an increasing role in their development in the near future. However, less than 40% of large businesses had a detailed innovation strategy in place and were experiencing internal barriers to developing a strategy. These barriers included lack of a budget, lack of time, difficulty in prioritisation, and lack of expertise, with day-to-day challenges being prioritised over longer-term planning. The research identified that, in contrast, start-ups often set innovation and research commercialisation as strategic priorities as they look for markets and seek to grow. As a result, the research concluded that '*One solution for large businesses seeking to innovate would be to collaborate with SMEs that have the talent and expertise to break through the talent and skills barriers*' (page 9).

The research found that 90% of large firms were open to collaboration, but most saw that there would be barriers to be addressed. Among these barriers are concerns about the sensitive nature of internal business processes, company policy not to work with 3rd parties, and costs arising from altering established procurement processes. SMEs were also found to be open to collaboration and many were considered to have useful

[15] *Bridging the Innovation Divide: the role and impact of collaboration in corporate innovation in Ireland 2023*. Report to Skillnet Innovation Exchange by Amárach Research.

solutions. They were aware of the challenges that exist and were also concerned that procurement practices and cost concerns could inhibit collaboration. The research concluded that a commitment by large firms to collaborate with innovative SMEs could help them to identify and realise opportunities in a timely and efficient manner.

This is a classic case of market failure: a situation exists where it is widely accepted that a better outcome is possible but there are reasons why that outcome is not being realised and it is either not possible, or the incentives do not exist, for market participants to overcome these barriers[16]. There are various market failures in evidence in the case of collaboration between corporates and SMEs. These include:

- Risk – large firms (corporates) have established procurement processes and work with known suppliers, often other large firms. Risk creates resistance to change practices and suppliers or to consider alternatives. SMEs may perceive that corporates have a different business model and culture, and that they would be unable to fit with their sometimes more bureaucratic and structured approach to decision making. This risk can only be overcome by experience – but the perceived level of risk means that this doesn't occur. SMEs also have concerns about the risk that may be attached to large contracts: 'over-trading' is one of the main causes of smaller firms running into problems and often arises due to an inability to price large contracts optimally or to maintain adequate liquidity.
- Missing information – corporates have an incentive to protect their internal working relationships and so they may not wish to 'advertise' the challenges they are facing, preferring to look internally for solutions. SMEs may have developed solutions or the talent to devise solutions efficiently when faced with challenges but lack the ability to market this expertise. The information flow is curtailed and there is no incentive for a 3rd party supplier to try to develop a solution as the level of investment that would be required for what is a highly risky business idea would prohibit investment. This missing information may also extend to SMEs not being aware of the range of State-provided enterprise development services that may be available to them.
- Information has characteristics of a public good[17]. In the case of the information in question here which concerns opportunities to access new markets and to find new suppliers, the best results will be obtained if that information is distributed widely. However, the parties that can best use that information may not have contributed

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[16] The term 'market failure' does not suggest that the market is not operating or should be abolished. It is best interpreted as meaning that an issue has arisen for which the market is not the appropriate mechanism to find a solution. Indeed, the market may be operating as efficiently as it can given the incentives that exist.

[17] A pure public good is defined as one where the good is non-exclusive – it is not possible to prevent people who have not paid for the good from using it – and non-rivalrous – one person's use of the good does not prevent others from using it also. These conditions may exist to varying degrees for a particular good or service.

towards paying the cost of producing it. Economic theory concludes that that there is no incentive for the market to provide such a public good in the most desirable quantity, or in an optimal manner.

- The time horizons of market participants differ. It is generally acknowledged that large and small firms have different strategic time horizons. SMEs typically lack the financial resources to engage in long term procurement processes and require quick decisions and tight deadlines. Larger firms can work on a longer timeline in the knowledge that they do not need as quick a payback on investment. SMEs will be aware of this issue, and it means that they have a disincentive to engage with corporate procurement.

The important insight is that it is not just a lack of talent or expertise that may be inhibiting collaboration. If firms are aware of the benefits of collaborating – the Amárach research indicates that this awareness exists – then there would be an incentive to develop this expertise if lack of talent were the main inhibitor. However, in the case of market failures, there is no incentive for any market participant to undertake the investment that would be required to address the issue. In these circumstances, the accepted conclusion is that the State can intervene to improve the outcome by altering the incentives facing market participants or by directly addressing the source of the market failure. This provides a sound rationale for the development of policy programmes and for the investment of public funds to implement those programmes.

Skillnet Innovation Exchange operates at the point where innovation in SMEs is being commercialised and is looking for markets. It operates primarily, not by altering incentives, but by seeking to address the market failures directly through providing information on (demand) opportunities and (supply) solutions and working to reduce perceptions of risk in both large firms (corporates) and SMEs[18]. It cannot address all the market failures above – corporate culture will still be different as will the time horizons – but by acting as an intermediary and providing introductions between firms that would otherwise not interact, it can reduce perceptions of risk and provide the incentive to overcome resistance to change. It can also play a large role in overcoming information deficits. Most importantly, as a publicly funded body that does not seek a direct financial return on its activity, it will provide information as required without the need for a market to determine the price or quantity of the information provided. In effect, the market incentives are replaced by the incentive of implementing public policy and achieving the KPIs that have been set. The extent to which Skillnet Innovation Exchange addresses these barriers through its

[18] While this approach is not unique, it is different from many elements of Irish industrial policy that offer low tax rates compared to competitors, subsidies or tax breaks to change the incentives facing market participants and bring about desired outcomes such as a decision to locate in Ireland or to undertake investment in R&D.

activities is reviewed below with particular reference to the assessment, based on consultations with SMEs and corporate participants, in Section 5.

2.3 Operational Structure

Skillnet Innovation Exchange is structured and operates in a manner that enables it to directly address the market failures that are identified while also contributing to associated objectives of Irish economic and industrial development policy. It does this by providing a platform for corporates to set out the innovation challenges they are facing, and for which they are seeking solutions, and for SMEs to propose solutions. Firms are identified by different means with proactive reach-out, to corporates in particular, being an important mechanism. To date, it has engaged positively with about 60 corporate partners that have identified over 70 challenges. Skillnet Innovation Exchange has also engaged with over 1,600 SMEs up to June 2025, which means it has comfortably exceeded, over a year ahead of time, the initial target to engage with 1,000 SMEs that had been set for the end of this year.

Making contact with SMEs is vital to initiate the collaboration. Skillnet Innovation Exchange has developed contractual relationships with a series of established regional entrepreneurship hubs that already engage with SMEs in their regions. This is an important element in the network structure as it enables Skillnet Innovation Exchange to leverage relationships that already exist and also to deliver services through existing organisations. Training is an important element of these services, and this activity has extended the services of Skillnet Ireland.

> *Skillnet Innovation Exchange is a forum for innovation. It provides SMEs with valuable information on what problems are being faced by larger businesses. SMEs would not otherwise have heard about these issues. Even hearing this information can provide the core of an idea that can grow to an innovative solution even if there is no direct deal.*
>
> Views expressed by SME manager

A list of corporate partners is included in the Appendix below. Skillnet Innovation Exchange has also developed national partnerships with Sport Ireland and with Research Ireland to further extend its network. Skillnet Innovation Exchange activities across this network and the outcomes for SMEs and corporates are discussed in further detail in the sections below.

3. Networking and Ecosystem Development

3.1 Members and the Members' Hub

From an early stage, Skillnet Innovation Exchange recognised the importance of building a strong community of members and ensured that they became an integral and vital part of the process. SMEs who become members of Skillnet Innovation Exchange are entitled to attend events at which the corporates present the challenges, provide submissions – preliminary expressions of interest – in response and, following initial assessment, to provide a more detailed proposal on the solution they can provide.

Membership numbers provide a good indication of the number of SMEs that are actively monitoring Skillnet Innovation Exchange information on upcoming challenges and are interested in participating in providing submissions should a relevant topic arise. Skillnet Innovation Exchange provides support and advice to the SME during this process and enables both entities to identify if there is a basis on which to proceed to identifying a contractual arrangement. The number of SMEs that joined as members each year is shown in Table 3.1 along with the membership target for that year that was set in advance. These data show that the number of members exceeded the target for each year of Skillnet Innovation Exchange's operation.

Table 3.1: Skillnet Information Exchange SME Member Companies

	Membership Target	Annual Outcome
2021	100	134
2022	325	371
2023	450	742
2024	500	760
2025	600	474 (at end June)

Note: the target for 2025 refers to the whole year while the number of actual memberships is up to June only.

Skillnet Innovation Exchange has developed an extensive Members' Hub on its site. This provides information on upcoming and open challenges and allows members to sign up for challenge webinars and for other events. It has an archive of presentations of previous challenges, and information for networking, including a Directory of Members with introductory and contact information. It also has information on upcoming opportunities for networking at structured events such as members meetups that are held across the country.

Skillnet Innovation Exchange has identified that SMEs often lack skills and experience in sales and has responded. The Members' Hub has a resource centre with a considerable number of videos on Customer Acquisition and Retention, Sales Pitching and Marketing. Members also have the option to undertake the ESI Diploma in Professional Sales. There are also recordings of presentations on a range of topics.

3.2 Challenges, Collaborations and the Process

Identifying and organising the delivery of challenges, that is, having corporates set out the issues that they have determined require innovative solutions and for which they have expressed a willingness to engage with SMEs, is central to Skillnet Innovation Exchange's operations. Skillnet Innovation Exchange has developed a 6-step process that takes the challenge through from an issue that needs to be addressed – as identified by a corporate – to negotiations to enable an innovative SME to deliver a solution. This process broadly reflects the 6-stage framework that is often proposed as capturing the process to be followed within corporate structures for generating ideas for innovation and bringing them to implementation[19]. This framework to manage ideas for innovation is typically structured as follows:

1. Generation: line managers are appraised of corporate objectives and work with their teams to identify ideas.
2. Improvement: following initial consideration by colleagues and, possibly, by external specialists, teams work to refine ideas.
3. Evaluation: managers and specialists assess these ideas to identify potential for further development.
4. Prioritisation: decisions are made on which ideas show sufficient potential for activation while being feasible within budgetary, technological and other constraints.
5. Testing and validation: Ideas are tested to see if they will deliver value.
6. Implementation: plans are developed to implement ideas by clarifying and assigning responsibilities.

[19] The idea that innovation should be viewed as a process that can be broken down into distinct steps is often traced to Rogers, E. (1962) *Diffusions of Innovations Theory* which proposed a 5-stage model: knowledge, persuasion, decision, implementation, and confirmation. This idea was developed in business management schools – see Drucker, P. (2002) 'The Discipline of Innovation' in *Harvard Business Review* (August) for example – and in consultancy businesses, most notably IDEO, who proposed a 6-step process to address creative problems: observation, ideation, rapid prototyping, user feedback, iteration, and implementation. The process here is based on '6 Steps from Idea to Implementation: The Innovation Process'. Variations of this outline have been published by different authors that keep to the idea of innovation as a staged process to be managed.

Rather than generating the ideas, Skillnet Innovation Exchange is focused on creating the facility, external to the corporate, for ideas to be provided. It operates an ongoing process of making contact and engaging with corporates and SMEs to identify issues that are challenging corporates and ensuring that there are SMEs available that may be in a position to provide solutions. The Skillnet Innovation Exchange 6-step process activates this framework as follows:

1. The Challenge: a webinar at which a corporate will present the challenge is scheduled and publicised with a brief outline of the subject matter. Interested SME members register and attend the webinar. This is the idea generation stage as it provides SMEs with the basis on which to identify (generate) innovative solutions and provides initial access to the larger entities.
2. Proposals: SMEs who believe that they have the relevant skills and/or products to address the challenge submit succinct proposals that outline possible solutions. These submissions are the equivalent of refined ideas as they have been considered by specialist suppliers.
3. Criteria: the proposals that meet specified criteria are put forward for further consideration. This reflects the initial evaluation stage where ideas that have potential are being identified.
4. Pitches: the corporate that presented the challenge receives an evaluation of the proposals from Skillnet Innovation Exchange enabling it to select a shortlist of SMEs that they can invite to pitch their proposals. This requires additional input by the SMEs, but by this stage of the process they have been given a strong indication that there is interest in their solution. This greatly reduces the overall investment in marketing that would otherwise be required.
5. Engagement: corporates and SMEs undertake a deeper engagement to identify if the proposed solution will work. This proof-of-concept step reflects the testing and validation stage of the innovation framework.
6. Contract: if negotiations are successful a deal is done. This stage is undertaken by the parties without input or direct oversight by Skillnet Innovation Exchange. However, Skillnet Innovation Exchange remains in contact with the organisations and is available to offer support if requested.

This process has a number of clear advantages for SMEs:

- It provides access to potential markets and information on their requirements.
- It does not require a large upfront investment in marketing and the time input required increases only as the selection process proceeds and the potential of a deal increases.
- The opportunity is credible as Skillnet Innovation Exchange has engaged with the corporate in advance in a pre-qualification process to determine that it has the intention to purchase a solution externally and has the budget to follow this through.
- It provides direct access to decision makers in large corporates.
- The time to market is greatly reduced.
- Challenges stimulate ideas for solution providers.
- The level of engagement is fully at the discretion of the SME.
- There is a credible process that is known in advance and Skillnet Innovation Exchange is available to offer guidance and training on how to proceed.

For the corporates:

- The process reflects a framework for innovation with which managers will be broadly familiar, and which may already have been implemented internally in their search for a solution.
- Skillnet Innovation Exchange provides services that include curating and reviewing submissions thereby reducing the time input by the corporate.
- The corporate retains full control of progress and the amount of information they wish to disclose without any prior commitment to offer a deal.
- Following the process that has been designed means that the time from identifying the challenge to finding a solution is reduced.
- The challenge and any resulting solution are bounded and do not require any change in a corporate's procurement processes so there is minimal disruption to routines.
- There is a low investment requirement although the challenge needs to be adequately prepared and presented.

For both, if a deal is reached and a contract successfully implemented, it opens the door to further engagement.

Case Study: Challenge by Osborne Recruitment

Headquartered in Ireland, Osborne offers recruitment services from offices in Dublin, Louth, Wicklow and Kildare. It presented a Challenge to Skillnet Innovation Exchange members in September 2024 that arose from services it provides in managing weekly payrolls for over 220 temporary workers. The submission and authorisation of timesheets was being done manually and required 8 hours per week of input by the finance team. This was an inefficient system and Osborne wished to explore the options that might be available to automate and streamline this function.

The specification required a user-friendly platform that would be fully compatible with legal requirements that could be accessed via a web portal and provide downloadable data in Excel compatible format. A communication function was also required along with an automatic notification system.

This was a very clear, concise issue with specific requirements that were easily understood by digital solutions providers among Skillnet Innovation Exchange members. Following the Challenge and having gone through the Skillnet Innovation Exchange 6 steps process, the contract, was awarded to Dazult, a micro-sized software company based in Naas, Co. Kildare. This led to an occasional part-time position in the company being secured as a permanent job.

Challenges are held online. Member SMEs are informed of upcoming challenges and are invited to register to attend with each challenge typically attracting up to 30 SMEs. Each challenge comprises a presentation that has been prepared by the corporate member. The contents are at the discretion of the entity, but there is an obvious incentive for the corporate to prepare a clear outline of what they are seeking and to engage with potential solution providers. The presentation is followed by a Q&A session where SMEs can tease out issues to help them decide if they are in a position to provide a competitive proposal. The event is then archived for a period of time in the Members' Hub on the Skillnet Innovation Exchange website.

Table 3.2 shows the number of challenges that have been organised by Skillnet Innovation Exchange. The number of challenges has increased to an average of 2 per month. Based on data for the first half of 2025, it is likely that this will be maintained in 2025. The Skillnet Innovation Exchange pipeline indicates that there are likely to have been 82 challenges facilitated in total by the end of this year.

Table 3.2: Number of Corporate Challenges Presented (2022 to end June 2025)

	Challenges
2022	18
2023	16
2024	24
2025 (to end June)	13
Total	71

Following the Challenge, SMEs submit proposals for solutions using a specified template that requires a brief Company Overview (50 words), a summary of the problem as understood (100 words), the solution they propose (100 words), the Benefits to the Corporate (100 words), and a brief summary (50 words). Effectively this is a 1-page response that does not place a major requirement on SMEs.

Table 3.3 shows the numbers of submitted proposals and resulting pitches – steps 2 and 4 of the process as outlined above – in response to these challenges. The data shows that 869 proposals – expressions of interest by SMEs in response to a challenge – have been submitted in response to challenges organised by Skillnet Innovation Exchange. Based on performance in the first half of 2025, it is likely that the total for 2025 will exceed 200, meaning that the total number of proposals submitted will be in the region of 1,000 by the end of this year.

Table 3.3: Numbers of Submissions and Pitches by SMEs (2022 to end June 2025)

	Challenges	Submissions	Pitches
2022	18	290	40
2023	16	285	50
2024	24	183	46
2025 (to end June)	13	111	31
Total	71	869	167

These submissions resulted in 167 pitches by SMEs to corporates up to the end of June 2025. Based on the trend in the first half of 2025 it is likely that the number of pitches will exceed the number in all previous years to give a total in the region of 200 pitches. This is an important metric as it represents 200 or more opportunities for SMEs to present to large firms in relation to their ability to provide solutions to specific problems the corporates have encountered and have not identified a solution. As discussed further below, few of these opportunities would have arisen in the absence of Skillnet Innovation Exchange operating to provide this access. These are also particularly valuable opportunities as they allow the SMEs to tailor their pitch to the precise challenge that has been outlined.

The data above indicate that the number of submissions per challenge has decreased since 2023. This is a result of learning that has been generated as the Skillnet Innovation Exchange model has been developed as SMEs have become more experienced in identifying which challenges are worth pursuing. In early years many SMEs made submissions in response to challenges to see how the process would operate. Having learned this, they are now more selective in targeting submissions in response to the challenges for which they are best suited. Consultations with SMEs that were undertaken in preparing this report indicate that they see attending the challenges and providing the follow-up as an efficient way to access potential opportunities that do not require large investments of time or a high level of sales skills. Corporates have also learned how to better target their challenges to attract the most qualified responses. The result is that the volume of submissions has not risen along with the number of challenges and pitches but those provided are of a higher quality. These are desirable trends.

The average number of pitches per challenge which has averaged 2.4 over the period to June 2025[20]. This is a very good outcome. Preparing pitches is time consuming and SMEs have expressed that they are willing to invest this time if they believe there is a good possibility that there will be a contract concluded at the end of the process and that they are competing with only a small number of other firms – generally considered to be about 2 or 3 others – in their efforts to win the contract. This would represent a good return on investment relative to alternative marketing opportunities. This also means that it is important that corporates proposing to present challenges are fully aware that there is an expectation among SMEs and in Skillnet Innovation Exchange that this is with a positive intention to work towards a contract with an SME. Should any doubt regarding the intentions of corporates in this regard arise, it would undermine credibility in the process as doubts about possible outcomes would reduce the expected return that may be

[20] This could increase slightly as some pitches may still be made in respect of challenges that were held in recent months.

realised from participating in this process. Informing SMEs of criteria that are applied to corporates in advance of organising a challenge would assist in this regard.

A survey of members that was conducted by Skillnet Innovation Exchange in 2024 found that they were satisfied with the frequency of challenges and that, almost all, were satisfied with the calibre of the challenges that were presented. Most respondents to the survey had submitted proposals in response to challenges and 75% were satisfied with how the proposal submission process operated. Comments in relation to the process indicated that these firms would like greater feedback on their proposals so that they could improve their submissions in the future, and more updates on how submissions were progressing. More comprehensive details on what would be included in the challenges would also allow them to prepare better in advance of the presentation and thereby make for better informed engagement at the webinar. Overall, this indicates a good level of satisfaction with how the process is structured, although there are opportunities for improvement.

Collaborations

Some challenges have a somewhat different orientation. By design, the membership of Skillnet Innovation Exchange is composed of firms in digital technology sectors that have a focus on innovation. Corporates in all sectors require technological innovation to retain their competitiveness. However, for some, their business is the delivery of innovative digital solutions to other firms. These businesses encounter similar challenges arising from their complex management and operating structures that can make it difficult to retain a focus on innovation. As a result, the ability of agile SMEs to identify new products and new ways to deliver value to customers can be of benefit. The solutions these firms seek are best obtained through partnership arrangements with SMEs, not through packaging individual challenges and seeking specific solutions.

A number of challenges presented via Skillnet Innovation Exchange are best characterised as such firms seeking open partnerships through a collaborative arrangement with Skillnet Innovation Exchange members. Examples among challenges presented in 2024 include the presentations by OpenText (January), IBM (May), Expleo (October) and Pembroke Alliance (October). The objective is to identify collaborators that can operate together within structured arrangements to integrate the innovations of SMEs into the offerings of the corporates. These opportunities remain open to Skillnet Innovation Exchange members and each of these corporates has entered into partnerships with member SMEs as a result of the presentation. The precise details of these arrangements is a matter for negotiation, and the goal is to have a long-term relationship rather than a deal based on a identifying a solution to a predefined issue.

Case Study: Collaboration Challenge by Expleo Ireland

Expleo is a global engineering, technology and consulting group that employs over 20,000 people in 30 countries. Its Irish office is in Dublin with over 1,000 employees. It provides innovation management, management consulting, digital transformation, and product engineering services across a range of industries. Its main areas of operation are aligned with many of the areas of specialism of Skillnet Innovation Exchange member SMEs and this was recognised at an early stage of Skillnet Innovation Exchange's operations. Expleo Ireland was among the first to present a corporate challenge to Skillnet Innovation Exchange members in August 2022 that led to deals with Clarke Analytics, EVE Mobility and Access Earth.

Based on the success of this experience, Expleo identified that Skillnet Innovation Exchange members had skills and products that would enable it to service its clients' requirements in innovative and efficient ways through partnership arrangements. Expleo required that SME partners have a ready to go product or service but may have experienced difficulties in scaling up. Expleo offered an opportunity to achieve this by working together within a structured partnership arrangement. It also offered the opportunity to work on co-innovation in partnership and for products and services to be sold on to Expleo clients under flexible contractual arrangements. By doing so, Expleo gained access to the SME technologies and skills that could be sold on to clients while SMEs would have access to much larger markets without the risks associated with large investment in upscaling.

These partnership arrangements play to the strengths of both the corporates and the SMEs while addressing the difficulties faced by both. Corporates gain access to innovative products and processes with firms for whom innovation is a core competency. SMEs gain access to a much wider customer base with the opportunity for greater sales at minimal cost and risk, as well as access to managerial skills and structures that exist within the corporates. While most challenges offered by Skillnet Innovation Exchange are likely to continue to relate to discreet challenges, these challenges will continue to be offered. Furthermore, for those SMEs that prove their value in fulfilling the terms of a deal, many corporates will be open to ongoing contracts.

3.3 Regional Structures and Activities

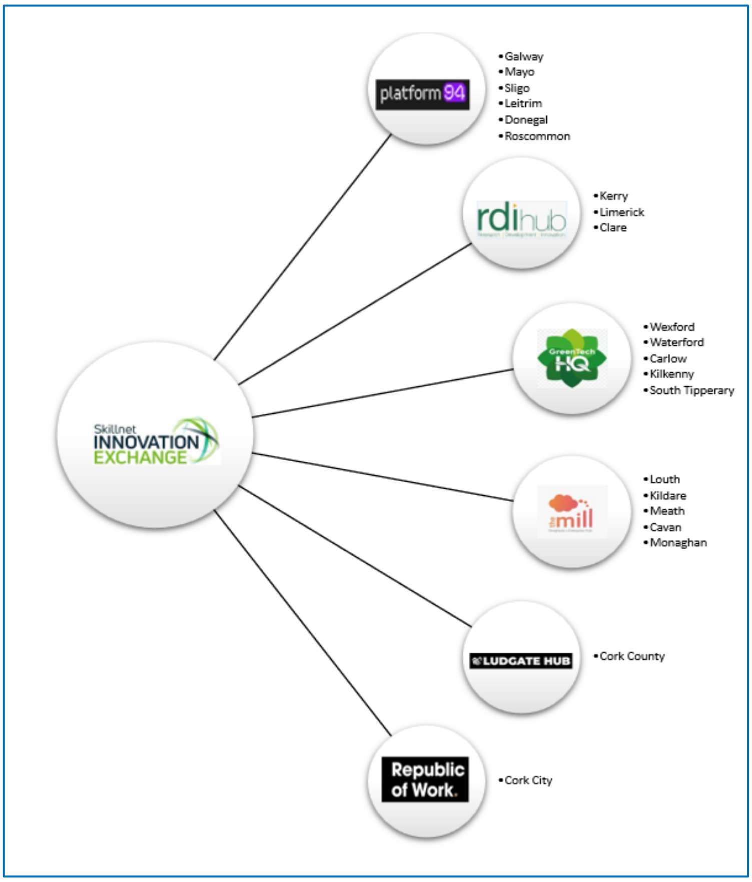
Skillnet Innovation Exchange has concluded agreements with a series of established regional partners to promote awareness of Skillnet Innovation Exchange's work and the opportunities it offers, to deliver networking and training events in the respective regions, and to encourage engagement by corporates and SMEs to deliver challenges and prepare submissions.

Skillnet Innovation Exchange has reached agreements with the following regional partners:

- Platform 94: based in Galway and covering counties Galway, Mayo, Sligo, Roscommon Leitrim and Donegal. Platform 94 provides a range of services to established SMEs wishing to scale up their operations.
- RDI Hub: RDI Hub is focused on innovation in digital technology companies in Kerry, Clare and Limerick and works by facilitating collaboration between entrepreneurs, established firms that are looking to grow and researchers from its base in Killorglin in Co. Kerry.
- Ludgate Hub: targets rural economic development from its base in Skibbereen, Co. Cork and promotes innovation in firms to drive this development.
- The Mill: based in Drogheda, the Mill acts as an innovation hub for start-ups and SMEs across Louth, Meath, Cavan, Monaghan and Kildare.
- Greentech Hub: this incubation hub is located in Enniscorthy, Co. Wexford and offers services to SMEs and entrepreneurs in Wexford, Waterford, Wicklow, Carlow and South Tipperary.
- Republic of Work: an innovation hub with locations in Cork City and in Clonmel Co. Tipperary with a strong focus on collaborative innovation.

This regional network is illustrated in Figure 3.1.

Figure 3.1: Skillnet Innovation Exchange Regional Partner Network



This illustrates only the first step in the regional reach that is achieved by the network. Many of these regional organisations have collaborative arrangements and partnership agreements with smaller local economic development organisations in their regions. This network thereby provides Skillnet Innovation Exchange with a hub and spoke structure that enables the promotion and delivery of its services at local level.

Skillnet Innovation Exchange has concluded agreements with these regional partners to undertake specified tasks that include promoting Skillnet Innovation Exchange, identifying corporates and SMEs who may engage in presenting and responding to challenges, host regional events to promote services and assist in building networks, and promote and facilitate training. Annual KPIs are provided to partners as part of the agreement. Each regional partner is assigned to one of three tiers according to their capacity and KPIs, and the level of payment is based on this assignment.

The number of regional partners has increased each year and is proving to be an effective means to promote Skillnet Innovation Exchange and to deliver services. While challenges are delivered by webinar, this structure means that these organisations provide access to a very important local network of established contacts. They identify potential challenges and promote Skillnet Innovation Exchange to this network while also providing local training and in-person networking opportunities. An important factor is that Skillnet Innovation Exchange has built these relationships with established organisations. This gives rise to notable efficiency gains as the organisation can provide a greater range of service when Skillnet Innovation Exchange is included, while Skillnet Innovation Exchange can leverage the local network and information base of the regional partners to promote greater awareness of its operations.

Case Study: Platform 94 Regional Partner

Platform 94 is based in Galway and has over 30 years' experience in helping small, established companies in the Western region to scale internationally. It has its origins in the Digital Task Force that was established to address the loss of employment and economic impetus in Galway that occurred following the closure of Digital Equipment Corporation in 1993. Formerly known as Galway Technology Centre, it has supported over 300 SMEs in Galway and currently houses over 600 employees of SME client companies. It offers flexible office space with modern facilities in its base and provides SMEs with a range of cost-effective services. It is specifically focused on scaling SMEs in the technology sector by fostering innovation and collaboration based on a model of supporting long-term connections between start-ups, growing firms and multinationals. Given this focus and its large network of connections built up over 30 years, it was identified at an early stage as a natural partner for Skillnet Innovation Exchange to promote the brand, identify potential challenges and grow membership.

Platform 94 is Skillnet Innovation Exchange's regional partner covering all counties in Connacht and also Donegal. The agreement with Skillnet Innovation Exchange specifically requires it to leverage its network to promote Skillnet Innovation Exchange and identify challenges. It then works with Skillnet Innovation Exchange to bring these possibilities to the presentation stage as well as organising events and training. It is classed as a Tier 1 partner which means it has KPIs to:

- Organise four regional events annually with at least 25 attendees each to promote Skillnet Innovation Exchange .
- Attend 3rd party events to promote Skillnet Innovation Exchange regional brand awareness.
- Undertake one Skillnet Innovation Exchange event annually with Ministerial attendance.
- Bring three challenges per year.

- Organise three Skillnet Innovation Exchange -supported training sessions annually with at least 20 trainees per session.

It also has reporting requirements. In return it receives agreed remuneration from Skillnet Innovation Exchange and receives support in fulfilling its tasks and has access to the Skillnet Innovation Exchange platform. Based on consultation with Platform 94, these KPIs are considered appropriate and have been realised in all years. This interview also indicated a high level of satisfaction with the partnership based on a good degree of alignment in the objectives of the two organisations. The partnership allows Platform 94 to deliver an expanded range of services to its companies at low additional cost, while allowing Skillnet Innovation Exchange to leverage its network without diluting the strength of the network in any manner. Indeed, the reverse is likely the case as the additional events and the challenges provide a greater opportunity to SMEs in the region to network within the region and to connect with firms from other areas of the country.

Regional partnerships are a highly cost-efficient means to promote Skillnet Innovation Exchange and deliver services. Skillnet Innovation Exchange gets to have engagement with SMEs and corporates in each region via personnel who have already developed long-standing relationships with these firms[21].

Consultations undertaken in the preparation of this report identified that most SMEs first became aware of Skillnet Innovation Exchange through local and informal contacts. This means that the first interaction between Skillnet Innovation Exchange and SMEs or corporates is often based on a preexisting personal contact. This makes it easier to establish credibility and thereby create a predisposition to active engagement. This regional structure gives Skillnet Innovation Exchange the capability to access and collaborate with a deep archive of relevant local knowledge and expertise to establish and extend networks.

Much of this structure is less than two years old and it is too early to assess its effectiveness based on performance. All partners have held events and provided training and leads for Skillnet Innovation Exchange to develop challenges have been provided. The available information indicates that the KPIs are set at appropriate levels, and regional operators expect they will fulfil their requirements. The tiering allows for considerable flexibility to adjust relationships should issues arise while ensuring clarity in relation to

[21] Any funding allocated by Skillnet Innovation Exchange is to organisations that rely on public funding from within the economic development allocation to undertake their activities. As a result, the net cost in terms of overall public expenditure is less than the value of this funding.

expectations. The model is scalable and further opportunities to extend these arrangements will be explored as they arise. While all regions of the country now have a partner with regional responsibility to promote Skillnet Innovation Exchange, the benefits of bringing this as close as possible to the location of firms are clear. This provides a rationale to develop further partnerships at sub-regional levels.

3.4 Events

Skillnet Innovation Exchange organises numerous additional events, delivered both online and in-person, many by the regional partners in regional locations. These events serve to promote the Skillnet Innovation Exchange brand, deliver information and training to SMEs, facilitate networking and enable feedback and information gathering on needs. Many events are structured around providing information on a particular topic while some have a more open format. About 25 such events were held in 2024 and 17 have already taken place in the first half of 2025. The expansion of the regional network of partners over the past year has been important in facilitating this growth in activity. All events are free to Skillnet Innovation Exchange members, and many are open to non-members. Examples of events held in 2025 are shown in Table 3.4.

Table 3.4: Examples of Recent Skillnet Innovation Exchange Events

Event Topic	Location
B2B Consultative Selling Process Step by Step	Letterkenny
Build with AI: Launch Full-Stack Apps at 10x Speed	Webinar
Fundamentals of Brand Marketing Communications	Webinar
B2B Lead Generation in Wexford	Enniscorthy
US Onboarding event	Naas
TechFest 2025	Cork
B2B Lead Generation in Louth	Drogheda
The AI Security Challenge: Safeguarding Your Business in an AI-Driven World	Cork
Growth Mindset: Scaling Your Business by Attracting and Retaining Talent	Dublin
DeeptechFest Ireland 2025	Cork
B2B Lead Generation in Kerry	Killorglin
Skillnet Innovation Exchange Preview – Gateway to Ireland's Innovation Marketplace	Buncranna
Driving Growth Through Skillnet Innovation Exchange: Real Stories of Connection and Success	Cork
B2B Lead Generation in West Cork	Skibbereen
Sales Skills & Business Performance: Key Insights for Success	Webinar
Louth & Meath Breakfast Network	Drogheda
Navigating US Market Entry	Killorglin

Skillnet Innovation Exchange and Select USA

The United States offers immense opportunities to Irish SMEs, particularly innovative firms in high tech sectors, that are looking to scale. As well as access to scale, the U.S. offers a strong economy and strategic advantages. The presence of so many U.S. multinationals in Ireland has meant that US business is aware of Irish talent in innovation and the adaptability of the workforce. However, Irish SMEs face significant challenges in accessing US markets, a situation that has become even more complex in recent months.

In the face of this, Skillnet Innovation Exchange has developed a specific focus on events to assist Irish SMEs in obtaining the assistance and information they need to access the U.S. As well as delivering information, these events have also enabled businesses to ask questions and receive direct answers from industry and market specialists. The events have also focused on key U.S. tech sectors and regional innovation clusters. One element of this was attendance at the Select USA Investment Summit which brings together firms from a wide range of sectors, including technology, professional services and advanced manufacturing. It allows Irish companies to engage in discussions on market entry, growth opportunities and the demands of expanding into the U.S.

Select USA has resulted in a series of practical sessions that provide access to expert advice and networking opportunities, in particular with Irish companies that are operating in the U.S. and have been willing to share their experiences, the challenges they encountered and the strategic choices that led to their success.

3.5 Skillnet Innovation Exchange National Partners

Skillnet Innovation Exchange has developed partnerships in specific sectors of the economy where it perceives that there is a demand for collaboration between innovators and established organisation seeking solutions.

Discovery Exchange

Skillnet Innovation Exchange launched Discovery Exchange in October 2024, a collaboration with Research Ireland to foster collaboration between businesses and researchers with the aim of developing solutions to key challenges in the areas of Green Transition and Digital Transformation. The launch event brought together 250 delegates to explore how these major challenges can be addressed through collaboration and consisted of speeches, panel discussions and roundtable interactions.

The first Discovery Exchange event was designed as a Pitch Event and took place in February 2025 with a second similar event held in June. These events allow innovators to pitch their ideas to industry leaders, with sectors including cybersecurity, sustainable power grid enhancement, housing and rapid pathogen testing being among those covered.

Skillnet Innovation Exchange has designed a support process around these sessions. In advance of the pitches, the collaborative innovation teams receive pitch training in a formal training session and then participate in pitch practice sessions with Skillnet Innovation Exchange personnel at which they receive feedback and assistance in addressing any issues that may be identified. This reflects the assistance that is provided to SMEs that respond to challenges.

This partnership is clearly in its early stages, but the level of interest indicates that it is tapping into an area of need. It is planned to hold two further Discovery Exchange Pitch Sessions in the second half of 2025 with each session allowing several teams to pitch.

Digital for Sport

Sport Ireland is tasked with overseeing the development of sport in Ireland with objectives that include promoting participation in sport, managing high performance, implementing anti-doping legislation, coaching and the development of the Sport Ireland Campus. It oversees 65 National Governing Bodies (NGBs) with a range of obligations to assist them in administering their sports.

Sport Ireland was aware that while NGBs had expertise in their individual sports and generally had effective administrative skills, smaller organisations often lacked technical expertise in some management areas and had not developed or implemented modern digital strategies. It was also aware that Irish sport in general needed assistance in promoting innovation within and between the various bodies. In the light of this, Sport Ireland had outlined plans for the development of an innovation and technological hub on its Campus. However, it fully recognised that this would involve a considerable degree of risk and that putting the hard infrastructural investment in place would be only the start of the input needed to make this a success and obtain a return on the investment.

Following initial communications in 2023, Sport Ireland organised the Sport, Tech and Innovation Summit, in which Skillnet Innovation Exchange participated, and at which the Sport Innovation Exchange Programme was launched with the aim of connecting sports organisations with technology expertise. Known as Digital for Sport, this intervention aims to connect NGBs that need to identify and implement digital technologies to create efficient administrative processes, optimise their data management and communications, and provide insights into the performances of their teams and athletes.

Digital for Sport has clear benefits for both organisations. Crucially for Sport Ireland's plans to promote innovation and technological development in Irish sport and in NGBs, it offers a low risk means to create a 'virtual' innovation hub without the need for capital investment. This allows it to demonstrate and realise benefits for NGBs through identifying digital needs and codifying the problems to which they require solutions. This involves an intensive learning process for the NGBs and for Sport Ireland, the results of which can be realised by the NGBs in the short term, while Sport Ireland is placed in a much stronger and better-informed position as it develops plans for the innovation hub on the Campus. It is also enabling Sport Ireland and the NGBs to develop networks with solution providers. Crucially, it is providing NGBs with assistance and with the skills to identify and communicate their needs. It has also provided NGBs with access to information on how to assess proposals from solution providers who respond to a challenge. The process has also been found to be a very efficient procurement system with a level of response that exceeds other processes and operates very efficiently in terms of time inputs and time to completion.

For Skillnet Innovation Exchange, the affiliation with Sport Ireland provides access to a potentially large market of organisations that require digital solutions and that are positioned to create challenges for Skillnet Innovation Exchange's members. Sport Ireland and NGBs have presented 10 challenges since June 2024[22] with a pipeline that indicates that this will increase to 14 by the end of the year. This activity has resulted in 4 contracts agreed and others are progressing through the Skillnet Innovation Exchange process. An important driver is that there is a clear incentive for Sport Ireland to promote Skillnet Innovation Exchange to the NGBs as a low risk, low-cost way to induce innovation. This is seen in the Digital Catalyst Fund created by Sport Ireland with the specific aim of assisting NGBs to engage in the Skillnet Innovation Exchange process and conclude contracts. This fund was greatly oversubscribed indicating a clear need for digital solutions. For the SMEs it has opened up a valuable market that was otherwise almost inaccessible.

[22] Sport Ireland (June 2024); Horse Sport Ireland (January 2024); Cricket Ireland (June 2024); Swim Ireland (November 2024); Cycling Ireland (November 2024); Athletics Ireland (December 2024); IABI (February 2025); Snooker & Billiards Ireland (March 2025); Tennis Ireland (June 2025); Gymnastics Ireland (July 2025).

Case Study: Cycling Ireland Challenge

Cycling Ireland (CI) is recognised internationally as the body that promotes, develops and organises cycling in Ireland. It has a membership of over 26,000 people with nearly 500 clubs and manages more than 200,000 entries to about 1,000 events annually. It also provides road safety awareness and safe cycling e-learning modules and has developed and delivered two e-learning courses aimed at Road Users and Parents and Guardians. However, it determined that these e-courses and their delivery needed to be revised.

Cycling Ireland's strategy was that building an efficient e-learning solution would help to expand its outreach to cyclists and road users and increase its ability to provide education on safety awareness and safe cycling skills. A modern e-learning cycling safety and road awareness course would provide the foundation for all coaching and education programmes.

The challenge, presented in November 2024, was to:

- Update and modernise the content and align its presentation to reflect the Cycling Ireland and Cycle Right brand identities.
- Provide the courses in a more user-friendly format as the current user interface has proven to be excessively cumbersome and difficult to navigate.
- Develop a hosting platform for the courses with the ability to issue auto-certification and provide user data in a readily accessible way.

This resulted in a deal with Fit2Trade.

While the main objective is to enable SMEs to conclude contracts with sporting organisations, there are additional benefits being realised from the creation of this structure. The first is that it solves problems for NGBs while allowing them to concentrate on their objectives as sports administrators. The second is the value of the networks that are being created. These are filling a gap that existed between NGBs and digital specialists that could not be achieved given the difference in their orientations and skill sets. In effect, NGBs could not specify their challenges in a manner that would allow possible solutions providers to respond. This network allows access to skills to assist in this and also enables an iterative process to accompany the procurement process to ensure clarity in relation to what is required and what is being proposed. Third, there is valuable knowledge being created within the NGBs, Sport Ireland, and the SMEs on what digital technology can do for the sports sector. A communication barrier has been overcome, and this knowledge can be used and built upon for further development.

4. Training Activities and Outcomes

4.1 Training Activity

Providing training, primarily to SMEs, constitutes a sizeable part of the activities undertaken by Skillnet Innovation Exchange's network partners. As shown in Table 4.1, Skillnet Innovation Exchange had facilitated a total of 5,892 training days up to June 2025. Based on provision in the first half of 2025, it is projected that the total for the year will be in the region of 1,740, an increase in volume of 6.3% over 2024, and bringing the total above 6,762 days since 2021.

Table 4.1: Skillnet Innovation Exchange Training Days Provision

	Number of Days
2021	708
2022	1,320
2023	1,359
2024	1,635
2025 (to end June)	870
Total	5,892

Skillnet Innovation Exchange organises and facilitates formal, customised and informal training in a range of subjects with a major focus on sales. This formal training is provided in three formats:

- In-Person Training Sessions led by Dr. Maria Coakley with a focus on the development and practical application of sales and commercial skills. Many sessions are held in regional locations and are facilitated in collaboration with regional partners who have KPIs in relation to this activity. In 2024, regional partners provided in excess of 500 training days on behalf of Skillnet Innovation Exchange with each partner delivering sessions under two module headings: *Sales Strategising for Success* and *Consultative Selling*. Each partner will again deliver at least two sessions in 2025 with topics including *B2B Lead Generation* and *Closing the Sale, Negotiation & Pipeline Management*. Regional training sessions are open to members and non-members of Skillnet Innovation Exchange.
- Online Training Webinars that cover a wide range of topics including management skills, marketing, sales and AI. These webinars are archived on the Impact Selling platform on the Members' Hub making them available on demand for members to access.
- The ESI Diploma in Professional Sales. This is a globally recognised, industry-approved programme that provides a university credit-rated sales qualification

and accounted for approximately 300 training days in 2024. An upgrade in certification requirements means that it is expected that this will increase to around 700 in 2025.

Customised training is provided in a number of ways including:

- Attendance at Corporate Challenges where SMEs can learn how projects are designed, how to identify the needs and requirements of corporates, and how to interact with large customers. SMEs attend by registering for challenges.
- Preparation of Corporate Challenge submissions. The submission is prepared according to a template that is provided by Skillnet Innovation Exchange. Assistance is provided when requested and is highly targeted to the SME and the challenge in question.
- Facilitating pre-pitch practice sessions. Over 30 pre-pitch sessions were facilitated in 2024. Held online and usually lasting 30 minutes, the sessions enable Skillnet Innovation Exchange personnel to provide advice to SMEs who are selected to pitch to corporates on the basis of criteria that are applied to their prior submissions. This includes a run through of the draft pitch with Skillnet Innovation Exchange personnel in advance of presenting to the corporate, and feedback on how to improve and target the pitch.
- SMEs are responsible for the pitch and, even if ultimately unsuccessful, will typically learn from these sessions. A notable feature of the pitch is that they are interacting with large firms and other corporates with whom then will typically have little interaction. This is a good example of practical learning. Skillnet Innovation Exchange also provide feedback to unsuccessful applicants.

Informal training is provided through in-person events such as Member Meetups that provide opportunities for learning through networking, and themed events on specific topics as discussed above. This training is fully subsidised for Skillnet Innovation Exchange members.

4.2 Alignment with Policy Context

Government policy has set out objectives for enterprise-related training and Skillnet Innovation Exchange has a role to play in implementing the programmes to achieve these objectives. This skills development policy framework is set out in the *National Skills Strategy 2025*[23]. The first assessment of the training provided by Skillnet Innovation Exchange is the extent to which it is aligned with the objectives of this strategy and promotes the success.

The *Strategy* targets the development of a well-educated, well-skilled and adaptable labour force through six objectives:

- A stronger focus on providing skills development opportunities that are relevant to the needs of the economy.
- The active participation of employers in the development of skills and the effective use of skills in their organisations.
- A high quality of teaching and learning.
- Greater engagement in lifelong learning.
- A specific focus on active inclusion to support participation in education and training and the labour market.
- An increase in skills on the labour market.

Skillnet Ireland contributed to the formulation of the *National Skills Strategy*. In line with its mandate to support enterprise training and workforce learning, increase companies' participation in training, and support a networked and partnership approach to training for employees at all levels, while achieving value for money and effectiveness in the delivery of training, measures under two action headings were identified for Skillnet Ireland that are of particular relevance to Skillnet Innovation Exchange's training activities. These are:

- Action 1.3: Diversity of Provision beyond School
  - Support the development of the Regional Skills Fora to facilitate improved engagement on skills needs at regional level.
  - Support Skillnets to encourage companies to engage in their networks to assist them in meeting their skills needs.

[23] Department of Education and Skills (2016) *Ireland's National Skills Strategy 2025*

- Action 2:2: The capability of SMEs will be Enhanced through Skills Development
  - Support the further development of skills assessment resources to help companies, especially SMEs, to accurately identify their skills needs.
  - Education and Training providers will work with SMEs to identify and address training needs. (pages 80 and 82)

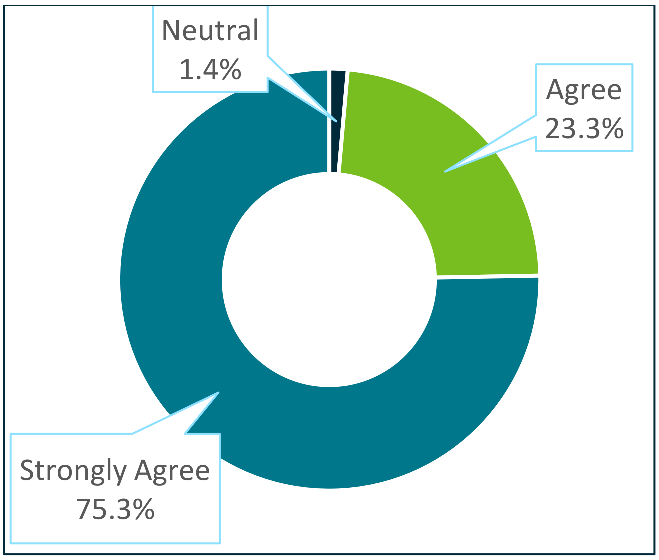
Skillnet Innovation Exchange training activity is well aligned with these policy objectives as it has a strong regional element to its delivery, it is based on a network approach to identifying skills needs and delivery, it assists SMEs in identifying and addressing their skill needs, and it facilitates training providers to work with SMEs. It thereby has a positive impact by promoting and implementing policy and assists towards realising its objectives.

4.3 Impact of Training on SMEs

The second approach to identifying the impact of the training provided by Skillnet Innovation Exchange relates to its direct impact on enterprises that receive the training. Participants on training days are asked to provide (optional) feedback on the course and its potential impact. One question asks, in relation to the course content, the extent to which they agree with the statement that '*I gained new ideas to help me develop my business*'. This wording is important as participants are not being asked to assess the content of the course or the quality of its delivery but the extent to which they believe it will make a positive impact on their businesses[24]. This means that the question is not about the output of the course but directly asks about its potential practical impact. The distribution of responses from approximately 150 participants on a number of different courses are shown in Figure 4.1.

[24] Participants can respond that they 'Strongly Agree', 'Agree', 'Neutral', 'Disagree' or 'Strongly Disagree' with the statement and the responses are confidential unless the participant wishes to engage further in relation to their views.

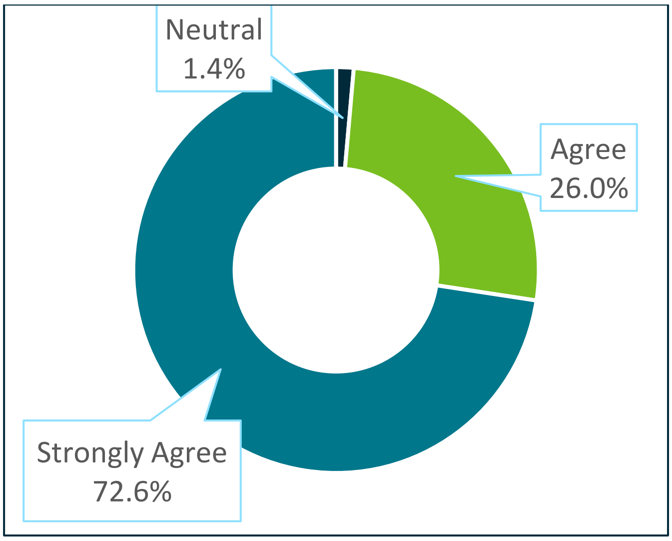
Figure 4.1: 'I gained new ideas to help me develop my business' (% of responses)



The chart shows that 75% of respondents 'Strongly Agree' and that a further 23% 'Agree' that they had gained new ideas that would help them develop their businesses. This is a very strong indication that these people, who are best placed to assess the training in terms of what they and their businesses require, expect a beneficial impact from the course. Of course, this learning will only have an impact if it is implemented.

A follow-up question asked if they agreed with the statement that '*I plan to test these ideas in the forthcoming weeks and months*' to assess the potential for this impact to be realised. The results are shown in Figure 4.2 and strongly support the conclusion that the courses are practical and will have an impact. The data show that similar percentages of participants 'Strongly Agree' or 'Agree' that they intend to implement the ideas they gained. Closer examination of the data indicates a strong correlation between responses to the two questions. In other words, participants who agree most strongly that they had gained new ideas were also those who were most likely to implement those ideas.

Figure 4.2: 'I plan to test these ideas in the forthcoming weeks and months' (% of responses)



Participants greatly appreciated the collaborative and interactive format of the training and, in response to an open invitation to express an opinion on the session, they were particularly impressed by the skills of the presenter, their professionalism and the knowledge content of the training. Few negative views were expressed when prompted with the most common being that there was possibly too much information in too short a time. No one criticised the relevance of the material. When asked to give a rating out of 6 for the training, approximately two-thirds of participants awarded full marks resulting in an average of 5.51 out of 6[25]. Given the time commitment that is required by these SME managers, this is a very high rating.

Participants were also asked to indicate topics on which they would find additional training and mentoring interesting. While there were many different responses as would be expected with an open-ended question, two issues were repeatedly raised. The first relates to how to generate leads, which is a precursor to the application of sales skills, and 'getting past the gatekeeper' in potential customers. This is a major issue for SMEs and shows the importance of networks to identify potential leads and the Skillnet Innovation Exchange model of Challenges and Proposals to access and develop sales opportunities.

The second issue related to how to manage a sales process or sales team, as distinct from how to undertake sales and presentations. This points to a need for training and mentoring in different aspects of general management in SMEs and indicates that while sales

[25] Scores were awarded according to the following scheme: 6 = Excellent, 5 = Very Good, 4 = Good; 3 = Average, 2 = Not good, 1 = Poor)

training is valuable, additional training is required in how to manage the sales process in SMEs.

This information indicates that the formal training sessions have had a positive impact. However, consultations with SMEs indicate that some of the most valuable training has been as a result of the interaction with Skillnet Innovation Exchange personnel when preparing submissions and pitches in particular. These sessions play an important role in addressing what are sometimes hidden barriers to growing a business that arise from lack of experience and lack of confidence in undertaking new management functions. These barriers are not easily addressed in formal training sessions as they arise, not from lack of knowledge, but from lack of practical experience.

There are also indications from the consultations that while the training is focused on SMEs, which is in line with policy and the actions as set out in the *National Skills Strategy*, there are also specific skill deficiencies in the corporates that can weaken the impact of the Skillnet Innovation Exchange model. The most important is that the challenges usually relate to identifying technological solutions to management processes. The corporates that are providing the challenges approach this from their areas of competency, namely, the business sector within which they operate and the defined management abilities and processes that exist within their businesses. Very often, these do not extend to cutting edge technologies. Indeed, if they did, the challenge may well have been resolved internally.

However, the specialist SME is coming from a technology background and has a need for the issue to be expressed in a technical language. When this is not done, it can be difficult for the SME to know exactly what is required, and to express in understandable terms what they can provide. There is a risk that false expectations can arise. Corporates can also have a tendency to default to known and familiar corporate language and practices when putting together a challenge. These practices work well in the procurement processes with which they are familiar but may mean little to agile SME solutions providers.

5. Outcomes for Corporates and SMEs

5.1 Outcomes and Impacts of Skillnet Innovation Exchange Activities

Up to June 2025, a total of 23 deals had been agreed arising from challenges presented to SMEs in the Skillnet Innovation Exchange process. This does not include collaboration partnerships that have been developed as a result of contacts made through challenges. These are shown in Table 5.1.

Table 5.1: Deals Arising from Challenges (2022 to end June 2025)

	Corporate Partner	SME Member
2022	Exertis	Digital Workforce
2022	Glanbia	Tigim
2022	Uisce Eireann	Access Earth
2022	Musgraves	Access Earth
2022	AXA	Access Earth
2022	Heineken	Sales Tier
2023	Pembroke Alliance	Decision Analytics
2023	Intersport Elverys	Energy Elephant
2023	Expleo	Clarke Analytics
2024	Gas Networks Ireland	Cation Consulting
2024	Gas Networks Ireland	Data Conversion
2024	Cricket Ireland	Sport 80
2024	Horse Sport Ireland	Miagen
2024	Cycling Ireland	Fit2Trade
2024	IDA	Data&Design
2025	Osborne	Dazult
2025	Swim Ireland	Cozmotec
2025	Nest Box Egg Company	Nualach Automation
2025	Coolmore	Granite
2025	Astellas	Pro-Reliability Solutions
2025	Astellas	Hibernia Venture Labs
2025	Hilton Foods	Reliance Automation
2025	Snooker & Billiards Ireland	Sportlomo

In about 60% of cases the deals were contracted within the same calendar year as the challenge was first presented. In addition, there are a further 7 challenges that were presented in the first half of 2025 by Ireland West Airport, IABA, FKM, CCC, VHI, Oroko and Coolmore Stud where the process of assessing submissions, delivering pitches and undertaking negotiations is underway and where a deal is a likely outcome.

The total value of the deals agreed to date and those currently in progress is estimated at €4.16. While it is difficult to be precise regarding the timing of when a contract will be agreed, progress in 2025 to date and the pipeline of challenges over the coming months indicate that this value will reach €5 million by the end of this year.

The value of these is an obvious beneficial outcome of the process and provides an indication of Skillnet Innovation Exchange's impact. However, it is only one element of the total beneficial impact. The value of deals indicates part of the value that accrues to SMEs. However, data collected by Skillnet Innovation Exchange indicates that many projects stretch over a 3-to-5-year timeline from the initial contract and experience has shown that the initial work outline specified in a deal can be extended and additional projects awarded to an SME based on a good initial experience. Consultations with SMEs indicate that this is seen as an important and realistic objective for SMEs who participate in the process as the initial barrier of actually accessing the corporate customer has been overcome. This means that it is expected that additional work will be undertaken by SMEs when they successfully complete the initial contracts, but these values are not included in the estimate of the value of deal above. As a result, this is an under-estimate of the full value of the deals that have been made as a result of companies participating in the Skillnet Innovation Exchange process.

A second element of the impact of Skillnet Innovation Exchange is the value of infrastructure that its activities has created. This is virtual infrastructure comprised of information, learning and intellectual networks. This infrastructure is an important public asset that can be leveraged and used to create value on an ongoing basis. Crucially, information is the core integral property of this infrastructure. This raises an important point. Unlike physical infrastructure which can deteriorate over time and has a limited carrying capacity above which its usefulness declines, an information asset can be leveraged without depleting the resource and without incurring decreasing returns. The network that has been created will remain relevant and operational. Consequently, the incremental or marginal costs of leveraging this asset do not increase so that the average cost of the asset falls. In other words, the returns that can be realised from the investment in creating Skillnet Innovation Exchange's virtual infrastructure rise over time as it is used and actually increase as this use grows. This means that the asset that has been developed by Skillnet Innovation Exchange will continue to provide value into the future.

A third element is that it is clear from consultations with SMEs that many of the benefits they perceive from engagement with Skillnet Innovation Exchange are qualitative and are captured as new learning, confidence, new contacts and access to decision makers. These are discussed further in the next section below. The important point is that these positive impacts are not fully captured by the value of the initial deal as learning or enhanced confidence can be applied to all areas of the SMEs business activities into the future.

SMEs often lack confidence. Skillnet Innovation Exchange builds trust and reduces the risk associated with dealing with large firms by providing information and access. The support provided before presenting builds confidence and credibility.

Views of SME founder and Skillnet Innovation Exchange member

In summary, therefore, while the value that is placed on the deals that are agreed by SMEs and corporates following the Skillnet Innovation Exchange process is an outcome of Skillnet Innovation Exchange's activities, this is only one part of its impact. While it is not possible to place monetary values on other parts of this impact, it is quite possible, based on the views obtained in the consultation with participants in Skillnet Innovation Exchange networks, that this value is at least as important as the value of the initial deals.

Case Study: Challenge by Nest Box Egg Company

Nest Box Egg Company is a family-owned egg packing company based in Castleblayney, Co. Monaghan that emphasises hen welfare and sustainability in its supply chain from hen farm management to packaging. It relies on locally sourced labour and has provided valuable employment in a lagging region. Its business has grown steadily in recent years and its labour-intensive approach to packing eggs by hand has become a constraint due to increasing difficulties in retaining staff in a physically demanding job in Ireland's high employment economy. High staff turnover is placing a constraint on its factory operations and is reducing the efficiency and speed of operation of machinery in which it has incurred substantial capital investment. As a result, it wished to automate the process of packing the eggs into boxes.

The company had researched the products that are available on the market and had identified machines that are developed and produced by a Dutch company as the best fit to its requirements. However, these machines were the most flexible on the market in terms of scalability, they were not fully adaptable to Nest Box's existing operations and would work at less than full efficiency. It was not possible for the machines to be precisely customised to address this.

In the light of this, Nest Box Egg Company presented a Challenge in July 2024 with a view to obtaining a fully customised and designed machine to automate the function. The key innovation requirement was not the technology, which was known, but to overcome difficulties in designing the machine to fit seamlessly into the existing production line. The Skillnet Innovation Exchange process led to a deal with Nualach Automation based in Virginia, Co. Cavan, less than 50 Km away in the same region of the country. However, despite searching the market, the two companies had not previously been aware of this local expertise or requirement. This contract is fully import substitution and will result in a more efficient solution for Nest Box Egg.

5.2 Benefits for SMEs and Corporates

The ultimate impact of Skillnet Innovation Exchange will be observed by firms that participate in Skillnet Innovation Exchange events and, in particular, by those that agree deals. The survey of members that was conducted by Skillnet Innovation Exchange in 2024 found that 85% of respondents assessed that their membership had had an impact on their business. As well as the obviously beneficial impact that the identification of new leads and obtaining a deal would have on a SME, the survey found that the process provided valuable information on the future orientation of large corporates and market trends and improved their understanding of their needs. The process helped SMEs to identify and refine the skills that are required to pitch to clients and encouraged them to become more innovation focused. There were also benefits from the networking opportunities. No respondent indicated a negative impact.

A series of one-to-one structured consultations was held with a sample of firms that had engaged with Skillnet Innovation Exchange to assess business managers' perceptions of the impact of Skillnet Innovation Exchange activities on their businesses[26]. Following a brief introductory conversation in relation to how they first encountered Skillnet Innovation Exchange and their level of engagement – all the firms considered themselves to have active ongoing engagement and most indicated that they had first heard of Skillnet Innovation Exchange through informal contact with acquaintances – SME managers were asked what barriers they faced that were eased or overcome by engaging with Skillnet Innovation Exchange.

By far the most important barrier that is overcome is getting access to sell to corporates. There are a number of aspects to this. The first is that simply identifying and developing sales leads is a major problem for many SMEs. They do not have the contacts, the skills or the resources to do this. This was also seen in the feedback that was gathered following training sessions where many expressed the need to either extend or adjust the sales courses to place greater emphasis on how to develop leads.

> *Access is the big benefit. Big firms often do not want to know about dealing with SMEs and do not look for small providers. There is a real incentive to deliver value for the first deal as there is a great chance for repeat business.*
>
> Views expressed by SME manager

[26] Many of the SME managers were also founders and were encouraged to speak openly. While no one requested confidentiality, they were assured that no views would be assigned to any individuals.

The second aspect is not knowing what challenges may face corporates. As a result, even if they engage in marketing there is no guarantee that what they pitch to the corporates is what the corporates are prioritising. Third, many SMEs expressed the view that larger firms simply do not want to know about dealing with SMEs. It is likely that there are many factors that lead to this including the routines and practices in corporates, perceptions of risk and lack of knowledge or understanding of the potential benefits of dealing with SMEs. These all mean that it is rational behaviour for corporate decisionmakers to continue to deal with exiting suppliers or their peers, even if the outcome is sub-optimal for them and the economy in general. In addition, either because of corporate structures or culture in corporations, SMEs perceive that there is often an in-built resistance to change that means that decision making is not fully rational.

The role of Skillnet Innovation Exchange in acting as an information conduit is key to overcoming this barrier. The challenges present SMEs with information on the solutions that are required without incurring more than minimal costs, while providing the corporates with information on what SMEs can offer, all in a risk-free environment. SMEs also responded that the information that is transferred at challenges goes beyond description of the problem to be solved and shows SMEs the standards that are required, such as security, ISO certification and GDPR requirements, if dealing with corporates. Furthermore, many SMEs indicated that the challenges provided ideas that spurred innovation in new directions and thereby benefited their businesses, even if they did not obtain a deal as a result of engaging with a corporate following a challenge. This means that Skillnet Innovation Exchange is providing a second impetus to innovation in addition to what may occur in fulfilling a deal.

The consultations identified that there can be a lack of trust between SMEs and corporations. This is not generally built on a prior negative experience but simply on lack of interaction and familiarity. Both SMEs and corporates know that there are differences in operating practices and incentives in the other group, although these differences are not well understood. Perceptions of 'difference' in the absence of interaction is a breeding ground for mistrust in many aspects of life, and business is no different.

SMEs often lack skills in areas of management, including sales, and partly as a result they lack confidence. Many SMEs expressed that they would not have had the confidence to approach a corporate and put in the time and resources to develop a pitch, even if they had known of a specific issue that required a solution, in the absence of the support given by Skillnet Innovation Exchange. It was similarly clear that this lack of confidence was quickly addressed once they had engaged in the Skillnet Innovation Exchange process, even if they did not win a deal.

> *The difficulties involved in moving from having a great idea at start-up to the first sale and a client list are huge. This is a step change. A start-up has few contacts, no revenue, low confidence and no track record. Getting over this step changes the challenge to an incremental managerial process of scaling up.*
>
> Views expressed by a founder of Skillnet Innovation Exchange member SME

The SMEs were then asked what options would have been open to them to address the access barrier in the absence of Skillnet Innovation Exchange. The responses were less than definitive indicating that they have not been able to overcome this barrier in most cases, but the most common answers were seeking repeat business with existing customers, using references from existing customers and 'cold calling' sales to try to expand beyond their existing network. Most considered this final option to be a difficult strategy with a success rate – with success being defined as getting an opportunity to pitch their products or services to a decisionmaker – in the region of 1 in 20 (5%). Traditional marketing also involves a large input with typically two hours of contact time before getting to a proposal and then two days to prepare the proposal if they are to make the required impact on a potential new customer. Even then, there is no guarantee that their pitch will be seen to directly target an issue of priority concern to the potential customer.

In contrast, while a challenge may result in an unknown number of proposals being submitted – challenges typically attract in the region of 25 to 30 attendees that are interested in the topic – preparing a proposal requires only a small-time input. This may lead to a pitch with perhaps just 2 or 3 competitors still involved. SMEs perceive that this has a far superior chance of leading to a deal particularly as it will have been prepared in response to a challenge and would benefit from Skillnet Innovation Exchange advice and the practice session. In addition, the Skillnet Innovation Exchange model requires that corporates come to the table with a challenge and, while there is no commitment to finalise a deal, they will approach the process more positively as they have made the approach, rather than when being approached as in the case of SME marketing.

Consultees were asked directly about the benefits of their engagement with Skillnet Innovation Exchange. Not surprisingly, SMEs who had won deals pointed to the extra business and the opening up of a new market. Importantly, almost all pointed not just to the deal that had been won as the main benefit but to the possibility this opened for repeat business. This means that the economic value that may be accorded to a challenge is not fully captured by the value of a deal that results but by the aggregate value of subsequent business. This is particularly the case for SMEs that have formed partnerships with corporates. Even if this does not occur, SMEs generally considered that they had obtained a superior return on this investment by marketing through Skillnet Innovation Exchange than they would using other feasible options. SMEs also pointed to the benefits of the learning they received as they went through the process and the new confidence of dealing with a large corporate that will generally have a reputation and a known brand. They pointed to the possibility this offered to leverage this relationship in approaching new markets and also the potential to leverage the information they obtained in a variety of unforeseen ways.

> *Skillnet Innovation Exchange provides a one-stop for opportunities and information while stimulating innovation. They are also very approachable and helpful.*
>
> View expressed by SME founder

SMEs were asked about the additionality of Skillnet Innovation Exchange in terms of the size and performance of their businesses and employment. All SMEs that had received deals were clear that they would not have been able to access the business by other available means. In other words, the business was fully additional to them. A number of SMEs pointed to extra employment in their businesses as a result of obtaining a deal. Placing a precise number of how many jobs were created in SMEs as result of deals is difficult but, based on the responses in the consultations, a number in the region of 15 to 20 is possible. However, this is speculative and should not be considered to be a definitive outcome of Skillnet Innovation Exchange's activity for a number of reasons. First, it is extrapolated from a limited number of consultations. Second, most of the SMEs are at an early stage of their growth cycles with ambitious targets to expand. New jobs are being created, and it is difficult to accord a new position to a particular contract. Third, if this is not the case, there is an argument that any job that is created as a result of winning a contract would not be maintained after the contract is completed.

In contrast to these points, it is arguable that any estimate of the jobs created would be an underestimate of the impact of the Skillnet Innovation Exchange deal. First, many deals are in their early stages and have not yet been finalised. The full impact has therefore not been seen at this stage. Second, SMEs point to gaining access to a new market with the prospect of future business as a large part of the benefit of willing a deal. They also point to the skills and confidence that the process gives them to go after this market. This means that the job creation associated with the first deal will underestimate the full impact of Skillnet Innovation Exchange . It is also the case that corporates have learned that Irish SMEs can fulfil their needs and help them to identify digital weaknesses. This makes then more amenable to buying from this source.

Importantly, many SMEs are convinced that the alternative to them getting these deals would have been for the corporate to buy from abroad, either from a 3rd party, or from a different unit within their group. As a result, the extra business has a high degree of import substitution, rather than simply displacing demand from elsewhere in the economy. This is a very important issue. The open structure of the Irish economy means that there has (correctly) been a considerable focus in industrial policy on assisting Irish firms to scale through export-led growth. However, a commonly encountered difficulty is that this can require a step-change in scale, with the size of the step that is required being a barrier. It is not an even growth trajectory and organic scaling in the Irish market is often insufficient to facilitate a move to export led growth. In contrast, the step involved in the Skillnet Innovation Exchange challenges is much smaller and does not pose a barrier but has a similar positive economic impact to exporting when it results in import substitution.

The additionality that arises from obtaining a deal varies depending on the size of the contract and the stage of development of the SME involved. Most indicated that a deal led to an increase in employment. In some cases, this means an additional person had been employed, while others made a part-time or occasional position permanent. However, some indicated that a deal obtained through Skillnet Innovation Exchange had been more fundamental to the survival and growth trajectory of their business as it had enabled it to move from a precarious start-up phase to a business with a client list and a product on the market. It cannot be concluded definitively that these firms would have failed in the absence of the deal but there was a strong association between engagement with Skillnet Innovation Exchange and their progress.

A number of additional points also emerged from the discussions with corporates. The first is that they were surprised by the range of SMEs that are operating in an area relevant to the challenge and by the quality of the submissions, which exceeded expectations. The targeted training provided by Skillnet Innovation Exchange to SMEs when preparing submissions and presentations is thereby a benefit to corporates. Beyond this, the information transfer during the interaction with SMEs can enable them to identify inefficiencies and weaknesses in their business of which they were previously unaware.

Corporates also expressed that there are benefits from extending their network, indicating that this is a positive factor for large firms as well as SMEs. While corporates have the ability to extend their networks, adherence to formal procurement practices can limit this in practice. The Skillnet Innovation Exchange process overcomes this barrier. Corporates are also pleased with the Skillnet Innovation Exchange system which they find to be a simple, efficient and effective procurement process in terms of numbers of responses. Their engagement is also almost risk free.

> *'Skillnet Innovation Exchange has accomplished more in days than we would have had in months. Getting access to senior people in the right organisations and getting solutions from companies we wouldn't have been aware of has been invaluable'.*
>
> Feedback from a corporate partner following a challenge.

Corporates also benefit from the potential for ongoing collaborations with SMEs with whom they identify synergies. This greatly reduces search costs for corporates while opening up possibilities that may not have been previously recognised. Overall, corporates benefit from engaging in a process that follows recognisable procedures and does not disrupt established procurement processes. They retain an adequate amount of control while being able to explore new opportunities and benefit from Skillnet Innovation Exchange curating and reviewing submissions. This gives a low, cost-efficient way to expand their procurement network.

SMEs who had engaged with a regional partner of Skillnet Innovation Exchange were positive in respect of their interactions with these organisations. In consultations with regional partners, it was clear that they are very positive in respect of their involvement with Skillnet Innovation Exchange with the perception that it boosts their standing and the services they can offer to client firms. They foresee that the partnership will boost the efficiency of their operations and enable them to extend their networks by leveraging the Skillnet Innovation Exchange brand. They can also develop new areas of activity such as by hosting Select USA events. Furthermore, given the emphasis in Irish industrial policy on innovation and the role of collaboration, involvement in activity that has these objectives at its core means that they are more directly involved in the implementation of policy. They also contend that regional events provide a direct boost to economic activity in the regions.

> *The Skillnet Innovation Exchange relationship is an asset to our activity. It creates awareness of SMEs, and the brand provides credibility along with the information and skills. The Skillnet Innovation Exchange network is very well aligned with implementing Project 2040.*
>
> Views expressed by Skillnet Innovation Exchange Regional Partner

5.3 Areas of Opportunity for Further Development

The Skillnet Innovation Exchange process and its network has only been developed in the past couple of years. It is a work in progress, and it was clear from the consultations that this assessment is being undertaken at an early stage in its development. Given this, consultees were asked to identify if there were areas where the service that is being provided could be developed and if there were areas of opportunity for growth. Much of the feedback centred on the challenges and pointed to opportunities to improve the quality and impact of what is presented. Some form of filtering or targeting of challenges may be useful. The existing procedure identifies the broad sector of interest, but it was suggested that there are other ways in which challenges could be classified to enable SMEs to identify which might be of most interest. These could include the scale of the possible contract, either in terms of the skills, timeline or the budget. Not all SMEs are at a similar stage of development and some means of tiering challenges to assist SMEs to identify if an upcoming challenge might suit them would be useful. These differences in SMEs also mean that promoting collaboration between SMEs in responding to challenges could be given a greater emphasis. This would potentially provide corporates with higher quality proposals.

One barrier to corporate procurement from SMEs is that corporates tend to operate on longer time horizons because they have the resources to do so and because of internal reporting and decision-making procedures. SMEs require shorter timespans from proposal to decisions or, if this is not possible, a commitment by a corporate that it will keep to a predefined timeline. This would also help to address a fear of SMEs that a drawn-out process leaves them vulnerable to disclosing their IP without any guarantee of a deal. There may be an imbalance in the risk attached to participating in responding to challenges which could act to deter SMEs particularly if challenges do not lead to deals.

In terms of the operation of challenges, a fundamental problem that is experienced by both SMEs and corporates is that they find it difficult to specify the problem and the possible solution in ways that the other side can understand. SME representatives are often, first and foremost, technologists, while corporates are managers. That is the strength of each and an important factor in the need for Skillnet Innovation Exchange. It is clear that ongoing training and upskilling in business is needed by SMEs, and Skillnet Innovation Exchange has been very active in addressing this, but this also needs to be applied to corporates who engage in the process: ensure that they can speak in technical language to SMEs and form realistic expectations of what the SME can deliver based on its technical responses. This is particularly important given the increased risk that is associated with investing in digital upgrades given recent high-profile failures in projects to install new IT system in some large Irish organisations.

Case Study: Challenge by Coolmore

Coolmore is a globally renowned bloodstock and training operation based in Tipperary. Information on the bloodstock it owns or is interested in servicing or acquiring has long been considered to be a core asset of the business. Over the years Coolmore has developed or acquired various software applications to assist it in managing and analysing the data it owns. The data are developed across a range of functions including farm management, training, racehorse ratings from different sources, bloodstock sales, horse pedigrees and results. Each of these input sources has dedicated front-end software programs and a consolidated platform had been developed to bring these together to facilitate analysis and inform decisions in relation to horse management. However, Coolmore had concluded that a new platform was required to address deficiencies and limitations of the existing system.

Coolmore presented a challenge to Skillnet Innovation Exchange members in May 2025 having earlier concluded a deal to design a new website following a previous challenge. The success of that led Coolmore to see if the Skillnet Innovation Exchange model would deliver this very specific platform. Its specification for the platform required that it would provide a single source of information to deliver a full profile of horses, be enabled for mobile use, globally accessible, highly configurable, able to operate off-line with external integration, and provide output to familiar user-friendly programmes. The platform would be required to reduce manual data entry, provide real-time data with highly customised reporting and specific features to ensure confidentiality and allow for error management.

This is a highly customised platform and will require an innovative approach either to develop a totally new product or to adapt an existing platform, the type of challenge that Skillnet Innovation Exchange members are well positioned to address. The challenge is currently progressing through the Skillnet Innovation Exchange process.

A point that was raised by many consultees is that there is potential for what have been termed 'micro-challenges'. These are small discreet jobs, such as consultancy, very narrowly defined challenges, providing maintenance, repairs and upgrades of existing systems, that SMEs are well placed to provide. Many corporates may also need a tech audit to identify weakness in their digital capabilities of which they are not aware and for which they have found, possibly inefficient, work arounds. Such micro-challenges would overcome some of the main barriers by providing SMEs with access to new markets while providing corporates with new partners. Agreements could be concluded in short timeframes at very low risk.

There are also additional opportunities for Skillnet Innovation Exchange to develop its partnership network. Northern Ireland is not covered by the regional network and while there would be particular issues associated with a cross-border partnership, there are potential benefits for the disadvantaged border region. Some challenges have been presented by public sector entities, but this is a potentially very large source of challenges that would be of interest to SMEs engaged in digital innovation. How these opportunities might be developed is beyond the scope of this assessment.

6. Conclusions

6.1 Review of Activities

Ireland is a small open economy and industrial development policy has long recognised and emphasised the importance of competitiveness. There are many factors that determine competitiveness and the ability of firms to develop new processes and bring new products to market through ongoing innovation is key. Consistent and effective innovation does not occur randomly but is most reliably achieved in structured settings with formal and informal interactions between entities and individuals. As a result, the ability of firms to collaborate with competitors and organisations that may operate in different ways is important.

Creating the conditions that remove barriers and facilitate collaboration has been placed at the core of industrial policy. In Ireland, with a large cohort of multinational companies and where there are clear regional concentrations and differences in economic strengths, ensuring that smaller indigenous companies can interact with large companies offers an important opportunity to facilitate the emergence of competitive clusters. Larger firms and SMEs are both aware of the benefits of interaction but there are barriers to collaboration.

Providing firms with the ability to overcome these barriers is the role of Skillnet Innovation Exchange. It does this primarily through three activities:

- Providing a forum where corporates can engage and SMEs can access opportunities in an easily navigable environment.
- Enabling interaction and information transfer between larger corporates that are facing challenges and SMEs with innovative solutions.
- Reducing the risks associated with diverging from usual practices by providing information, training and support in a credible structured process.

This ensures that, while this is a structured process that is targeted at changing normal modes of action, firms still compete and engage in commercial decision making in familiar ways. In this way, it prioritises collaboration while retaining competitive behaviours.

Skillnet Innovation Exchange undertakes a range of activities to stimulate information transfer and induce collaborative innovation. These include building networks, organising events and providing training. The process of getting corporates to provide challenges to SMEs who then submit proposed solutions that are assessed is central to providing innovative SMEs with access to new markets.

6.2 Assessment of Performance and Growth

Skillnet Innovation Exchange has created a system of networks and facilitated over 70 challenges over the past 3 years. About 30 deals between SMEs and corporates have resulted with an estimated value that will approach €5 million over the next few months. Many of the deals done have meant that Irish firms are now providing goods and services that would previously have been imported with new employment being created in Ireland. These metrics underestimate the full impact as many of the benefits are qualitative and there are a number of instances where proposed solutions are working their way through the evaluation process with the likelihood of more deals. In addition, some challenges have led to ongoing collaboration between firms with numerous repeat deals. Many SMEs, having gained initial access to corporate procurement and successfully completed deals are well positioned to win repeat business. The important virtual asset that has been created in the form of the Skillnet Innovation Exchange network can continue to be leveraged to create value.

This means that it is too early in the evolution of Skillnet Innovation Exchange to assess the full impact of the networks and the collaborative model that has been created. This base, along with the regional structures that have been created, means that there is an opportunity for a much greater growth in understanding of what is being done and how it can benefit both SMEs and corporates. Momentum has built on this solid foundation, and the opportunity is now to leverage the investment that has been made to create this structure.

Section 2.2 above identified a number of barriers to collaborative innovation and concluded that these provided the rationale for public funding to address these market failures. The analysis in this report shows that Skillnet Innovation Exchange's activities have demonstrated how these barriers to collaborative innovation can be addressed. This is the true impact of Skillnet Innovation Exchange. Based on consultations with SMEs, corporates and regional organisations with whom Skillnet Innovation Exchange interacts, it is possible to identify the impact of Skillnet Innovation Exchange in overcoming barriers to collaborative innovation under ten headings:

1. Its activities, in particular the challenges, enable **access** for SMEs to the markets that exist in the supply chains of larger entities and to the relevant decision makers. A range of barriers mean that these markets are effectively closed to many SMEs. While clearly important for SMEs, this is also relevant to corporates as it allows them to obtain solutions for minimal investment and break through their internal operational barriers that can result in resistance to altering procurement to include SMEs.

2. Skillnet Innovation Exchange is an integrated element of a much wider **system of State-funded enterprise development services** that are available from Skillnet Ireland and other enterprise development agencies. However, SMEs may not know about these or feel that they are not available or beneficial to them. Through its engagement, Skillnet Innovation Exchange provides access for SMEs to these services.
3. Skillnet Innovation Exchange facilitates **Information flow** between entities that have little interaction and limited knowledge of each other's businesses. SMEs do not know what problems larger firms are likely to encounter. Corporates do not know what is available outside their established supply chains and internal competencies. In the absence of structured channels to disperse information, each obtains a sub-optimal outcome. Information on needs also stimulates innovation as it gives SMEs ideas, even if they do not have a contracted sale.
4. It reduces the **risk** of innovation. In SMEs innovation outside Skillnet Innovation Exchange process often takes place based on starting technology, not known market demand. There is far less risk attached, and therefore a much greater incentive to invest in innovation, if it is being undertaken in response to a known demand. For corporates, undertaking a challenge is a very low risk means of seeing what is available on the market without committing in advance to actually purchase.
5. Skillnet Innovation Exchange builds **credibility**. Corporates understand that Skillnet Innovation Exchange will not put unsubstantiated solutions forward. This is particularly important as many of the challenges are highly technical, and the corporates might not always have to skills to assess proposed solutions. At the same time, through interaction SMEs learn that they need to upgrade their business, for example, through security, ISO and GDPR compliance policies, that may be in place in corporates but that may be lacking in smaller firms.
6. Skillnet Innovation Exchange provides **guidance** to both SMEs and corporates on how to identify problems, how to present the problem to possible solutions providers, how to respond, and how to move towards a deal. This is totally distinct from, but complimentary to, the training it provides and offers a way to implement the skills that may be obtained through training in a structured process.
7. Many SMEs managers lack **confidence** in approaching larger firms. The Skillnet Innovation Exchange process provides assurance that they are not engaging in isolation but within a mechanism that has been proven to work. As the process unfolds, they engage in learning-by-doing and gain confidence that they can access this market. This is hugely important in terms of the prospects for winning repeat business. The regional organisations also play an important role in this.

8. SMEs can lack the **skills** that are required to sell into large corporate businesses. Skillnet Innovation Exchange works closely with SMEs to develop capability in commercial skills which are required to develop a corporate sales pipeline.
9. The model can **simplify procurement** processes for both SMEs and corporates. This impact is likely to be particularly beneficial to the larger firms who are sometimes locked into supply chains as a result of the time, costs and risks associated with going outside established procedures. Skillnet Innovation Exchange offers a low cost, low risk and time efficient way to explore new opportunities. For SMEs, the initial costs of submitting a proposal are very low and they can build the time and effort that goes into pursuing an opportunity as the odds of willing a deal increase.
10. Skillnet Innovation Exchange is playing an important role in **implementing regional policy**. The NSS policy framework has goals that require a fundamental shift in the regional structure or Ireland's economic growth and locational patterns. There are powerful incentives that will result in a continuation of the existing trends and patterns that need to be overcome. Skillnet Innovation Exchange leverages and strengthens the existing regional economic developing organisations and its operating modes mean that developing skills and winning deals is not dependent on location.

Both the networks and the challenge response process that have been built by Skillnet Innovation Exchange are clearly central to these impacts. It is also the case that these networks have only begun to operate and that the full impact of challenges will only appear as knowledge of the services that are provided by Skillnet Innovation Exchange and participation in its activities increases.

6.3 Opportunities and Potential

Skillnet Innovation Exchange is building and operating an innovation ecosystem. This was defined above as a dynamic, interconnected network of entities that collaborate to drive innovation and create value. The review in this report shows that a dynamic, interconnected network has indeed been built and is growing. Consultations with partners in this network show that there is a high degree of collaboration being created between entities that would otherwise have little or no interaction. Many respondents were convinced that there is little need to speculate on what might have happened without Skillnet Innovation Exchange intervention: they were clear that the collaboration would not have arisen. They were also clear that interaction had driven innovation, even if it did not lead to formal collaboration.

This is the main impact of Skillnet Innovation Exchange. There is clear evidence that employment has been created in SMEs, indigenous production of goods and services has replaced imports when deals have been finalised, and corporates are obtaining more efficient solutions than they would otherwise. However, metrics on these impacts underestimate what is being achieved as Skillnet Innovation Exchange's network has only been developed in the past couple of years. It is a work in progress, and this assessment is being undertaken at an early stage in its development.

In terms of activities, the growth trend means that the number of firms with which Skillnet Innovation Exchange has interacted has exceeded initial targets and this total could double up to the start of 2030. The role of regional partners is important in this respect, and this role has only been fully operationalised over the past year.

The holding of challenges and the subsequent process is central to what distinguishes Skillnet Innovation Exchange from a procurement agency and other elements of Skillnet Ireland. These are currently being held at a rate of 2 per month. As membership rises, this rate could double to 4 per month with a similar rise in proposals, pitches and deals. To achieve this, Skillnet Innovation Exchange may need to revise its orientation somewhat. It is inevitably focused on delivering value to SMEs, but the constraint on its growth may be in showing corporates, who are also part of the Irish economy, how it can deliver value to them. Building this part of its network may require a different approach with a focus on providing corporates with a greater incentive to engage. Furthermore, doubling the number of challenges does not mean just doing more. Scaling can be achieved by replication, but the essence of innovation is to do things differently and better. Skillnet Innovation Exchange has shown real strengths in identifying such opportunities to develop innovative solutions. They could involve assisting corporates in identifying new types of challenges and encouraging SMEs to collaborate in developing solutions. It also remains the case that the SME representatives who attend challenges are mostly technologists while corporate representatives are primarily managers. That is the strength of each, but it can restrict the ability to interact. Opportunities to further develop the regional structure may also arise.

The greatest opportunity arises as a result of the virtual infrastructure that has been created in the form of the Skillnet Innovation Exchange network and its operating processes. As was discussed above, this is a valuable asset and the funding that was allocated to date has been used to create this asset. Information, perhaps more accurately described as knowledge, is at the core of this infrastructure. One of the most important characteristics of knowledge, which translates into virtual networks, is that it is non-rivalrous: once created it can be used and leveraged through scaling without being diminished. In the case of a network, the value of the network increases, often exponentially, as the network grows and its use increases. This results in increasing returns to scale, in contrast to the decreasing returns to scale that typically arise with investment in physical infrastructure that depreciates with use or as it approaches carrying capacity.

This is not to suggest that there are no incremental costs associated with scaling up Skillnet Innovation Exchange activities. Any network is only as productive as the people who are operating and participating in it and, in consultations, Skillnet Innovation Exchange members and corporates expressed considerable satisfaction with the quality of the services that are provided by Skillnet Innovation Exchange personnel and the importance of one-on-one guidance at key points in the process. However, the prospect of increasing returns to scale from a knowledge asset has an important implication for future funding of Skillnet Innovation Exchange: the return on investment is likely to rise with additional funding as the network becomes more valuable and its use increases. Based on this, maximising the potential beneficial impact of Skillnet Innovation Exchange now requires a step change in its scale to leverage the asset that has been created.

Appendix: List of Skillnet Innovation Exchange Corporate Partners

- An Post
- Astellas
- Athletics Ireland
- Athlone Regional Sports Centre
- AXA
- Bord Iascaigh Mhara
- Bord Na Mona
- BWG Foods
- Carbery
- Celtic Linen
- Cliste Hospitality
- Coolmore Stud
- Cork County Council
- Cricket Ireland
- Cycling Ireland
- Dawn Farms
- EIT Health
- ESB
- Exertis
- Expleo
- FKM
- Gas Networks Ireland
- Glanbia
- Gymnastics Ireland
- Hanely Energy
- Hannon Pharma Link
- Hayfield Family Collection
- Health Innovation Hub Ireland
- Heineken
- Hilton Foods
- Horse Sport Ireland
- IBM
- ICON
- IDA Ireland
- Intersport Elverys
- IntouchCX
- Ireland West Airport
- Irish Athletics Boxing Association
- Kyte Powertech
- Laya Healthcare
- Liebherr
- Microsoft
- Musgrave
- OBH
- OceanR
- Openttext
- Origin Enterprises
- Oroko
- Osborne
- Pembroke Alliance
- Permanent tsb
- Platinum Homecare
- POCO Beauty
- Ryanair
- Select USA
- Snooker & Billiards Ireland
- Sport Ireland
- SSE Airtricity
- Swim Ireland
- Tennis Ireland
- The Nest Box Egg Company
- Three Ireland
- Tomra
- Trane Technologies
- Uisce Eireann
- VHI

Note: Partners are listed in alphabetical order. This ordering does not represent the level of engagement with Skillnet Innovation Exchange or their importance to its activities.

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Skillnet IRELAND

Rialtas na hÉireann
Government of Ireland

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