



Peru and CONFIEP



Implementation of the Provee Pyme platform

This case study is part of research carried out by ILO's Bureau for Employers' Activities (ACT/EMP) for the production of the 2022 Regional Report "Where do Business Organisations Stand on the Road to Digitalisation? A look at Latin America". The aim of these case studies is to help other employers' and business membership organisations (EBMOs) in their transition towards digitalisation. We would like to thank the ILO's South-South and Triangular Cooperation (SSTC) programme for its support in drafting this document, which will serve as a basis for an exchange of knowledge among EBMOs around the world.

► What is South-South and Triangular Cooperation?

South-South and Triangular Cooperation (SSTC) can be defined as collaboration between two or more developing countries, which frequently have the support of traditional partners, guided by the principles of solidarity and unconditionality, the aim of which is to put into practice inclusive and distributive development models governed by demand. SSTC complements North-South cooperation with joint action to encourage development opportunities. As can be seen from the Sustainable Development Programme 2030, SSTC has become an important means of international cooperation for development and an essential item in the United Nations toolbox.

► What is Provee Pyme?

In May 2022, Asociación de Gremios de la Pequeña empresa del Peru (association of small company organisations of Peru - Asociación Pyme Peru), Confederación Nacional de Instituciones Empresariales Privadas del Peru (confederation of private business institutions of Peru - CONFIEP) and the International Labour Organisation (ILO) launched the Provee Pyme platform (see: <https://proveepyme.pe/>).

Provee Pyme is a commercial contacting tool aimed at making the products of small Peruvian companies available to the procurement needs of large companies.



Small companies who wish to form part of this initiative can apply on-line for an evaluation by the Provee Pyme technical team. The team checks that applicants meet the minimum requirements for participation (formally incorporated, catalogue of products and experience in corporate sales, among others). The short-term aim is a minimum degree of homologation between all SMEs taking part in the initiative so that participating large companies have some form of guarantee.

The large companies are then called to take part as purchasers of the SME's products, which implies undertaking to use the platform, publishing their purchases on it and developing training courses, together with the Provee Pyme technical team, aimed at remedying deficiencies among the SMEs using the platform. For that reason, Provee Pyme is not just a tool for facilitating business contacts but also has an important training component.

The conception and creation of the platform was achieved through strategic alliances between ILO (within the framework of technical aid provided to Peru), CONFIEP and Asociacion Pyme Peru. The latter facilitated connections and encouraged SMEs to join the platform. In just a few month Provee Pyme has registered more than 97 SMEs providing a catalogue of around 40 items (products and services), and 25 large companies.

► What is CONFIEP?

CONFIEP is the country's premier business organisation, founded in 1984. CONFIEP consists of 22 affiliated business organisations who represent different sectors and regions, and both large and small companies. At national level, CONFIEP plays a role of coordination and facilitation between the different network actors, from business leaders and its members to the public and international sectors.

With the arrival of the pandemic and the need to promote the reactivation of small and micro-enterprises, CONFIEP needed to know how it could support and assist the business sector. Asociacion Pyme Peru, a member of CONFIEP, was in turn interested in encouraging access by the SME sector to the large company corporate market, as one of the most relevant and necessary measures required to reactivate the sector. This initiative was created for the purpose of directly encouraging access to private company procurement by Peruvian small and micro-enterprises.

► Why was the platform created?

Provee Pyme (<https://proveepyme.pe/>) is a project aimed at reactivating Peruvian SMEs through an effective mechanism to connect the products

of SMEs with the requirements of the country's large companies. 99.3% of Peruvian businesses are small and micro-enterprises. One of Provee Pyme's aims is to have a positive effect on the reactivation of the SME sector after the Covid-19 pandemic.

It should be pointed out that Provee Pyme does not aim to encompass every product offered by SMEs. To take part in the platform, participants must fulfil a number of requirements, such as:

- They must be formally incorporated
- They must offer existing products and services
- They must have experience in the market

Furthermore, the project seeks to activate a market mechanism between private agents so that both parties decide to interact from a business and not merely social point of view.

► How does this commercial contacting platform work?

SMEs

- 1) Interested SMEs learn about the platform by various means: websites, events, word of mouth, invitation, social media, etc. There were also eight months of awareness raising before the platform was launched. On going to <https://proveepyme.pe/> interested companies fill in a simple form to gain access to the platform.
- 2) The second step is for SMEs to fill in a more detailed data sheet in which answers to around 80% of the questions are mandatory. At the same time general information on the company is collected as well as its tax data (to prove that it is formally incorporated), references and catalogue of products and services, among others.
- 3) When the form and data sheet are filled in and the documents required are submitted, the system issues a notice. Every Monday the Provee Pyme team carries out a first review of applicant companies. They ensure that all the required information has been correctly entered.

- 4) Companies that have not provided all their information are contacted and asked to make good the omissions. SMEs that have provided all the information go through to a second review in which their turnover is verified and their expectations are discussed. At this stage the SMEs sign terms of reference involving aspects such as transparency and proper use of information, especially commercial information.
- 5) They are then welcomed and given a password with which they can gain access to the platform and the database of large participating companies, as well as different calls for bidders, initiatives and tenders. They also receive notices by e-mail, WhatsApp groups and through the system itself.

► Requirements for a SME to considered for participation

- Annual turnover of up to USD 2 million (the limit for classification as a SME in Peru)
- Incorporated formally for a minimum of two years.
- Experience in corporate sales
- They must provide information on their tax position, a tax report from the previous fiscal year and a catalogue of products and services.

Large companies

- 1) The project submitted its initiative to large companies as well as SMEs and invited them to become part of it as purchasers of the SMEs' output. To do so, CONFIEP submitted the project to its affiliated associations and other business organisations in Peru.
- 2) Large companies that are interested in the project must:
 - Provide a letter of intent / commitment signed by the managing director
 - Register with the platform, which is entirely free of charge
 - Designate a contact person
 - Use the platform to call suppliers to training sessions on their procurement processes.

Large companies have specific requirements, which are different for products and services. For that reason instruction about their processes is essential for SMEs to have access to these markets.

3) Large companies publish calls for bidders and tenders, which reach Provee Pyme's participating companies by different media. This is the nexus for productive exchange.

It should be noted that the platform enables large companies to pre-select the SMEs interested in their tender processes, but negotiation and contracting take place on a one-to-one basis. "It is a business showcase for productive contacts".

The achievements of Provee Pyme – Peru

The project had achieved the following milestones by June 2022:

SMEs

- 97 formal SMEs registered
- +40 offered more than 40 items to large companies in 7 sectors (light engineering, apparel, leather-footwear, furniture and timber, construction, agriculture/food and technological solutions)

Large companies

- 25 participating large companies and groups representing various sectors.
- 100% presence in all regions of Peru, with the main concentration in Lima.

► The 6 key components in the success of Provee Pyme

- **Making Provee Pyme into the point of contact with SMEs.** Large companies can thus use innovation to position themselves in new regions and markets.
- **Consultants dedicated specifically to the different aspects of the programme:** advice for SMEs, communications and strategies for large companies. In addition to CONFIEP personnel who support the project.
- **Raising awareness of the project so that both large companies and SMEs** can manage their expectations and understand that the programme is not completely open, as a minimum level of requirements applies.
- **Training and instruction for SMEs on the procurement processes of large companies and to improve their access to digitalisation** (e.g. use of the platform, virtual product catalogues, on-line payments, digital marketing). For this component CONFIEP has formed alliances with a university and the large companies themselves, offering seminars and access to courses. (This training can be offered through the platform). The aim is to create more alliances of this type.
- **Guaranteeing quality.** CONFIEP has developed a rigorous process for guaranteeing that SMEs offer quality and confidence to the large companies, and that there is an equivalence between them.
- **Evidence-based decisions.** For both CONFIEP and Asociación Pyme it is important to measure the platform's progress and impact. To do so they have introduced indicators of subscription and use and plan to measure the impact of the training sessions.

► Provee Pyme implementation, step by step

Provee Pyme was officially launched on the 5th of May 2022. Much work was required to reach this milestone

Timeline::

2020

The pandemic starts to have a serious effect on the SME sector in Peru. As a result, Asociación Pyme and CONFIEP began to identify possible solutions, with the help of the ILO.

2022

One window of opportunity was a reactivation fund for SMEs made available by the ILO, for which CONFIEP applied. So, on the basis of economic reactivation fund requirements, CONFIEP began discussing the idea of Provee Pyme with the ILO's ACT/EMP. CONFIEP's goals aligned with the need to stimulate the economic reactivation of SMEs using sales to large companies as the mechanism. The platform design began with the desire to give it a national reach, so that geographical distance would not be a limiting factor. Thereafter the awareness-raising process for the project was completed within and without the organisation.

Much work was carried out to bring the project to fruition before it was officially launched.

Key actors and their roles

- Asociación Pyme CONFIEP – responsible for the project, contributing man-hours and process management.
- Consultants Handled the different aspects of the platform (SMEs, large companies and communications).
- Asociación Pyme Peru Contacts, recruits and recommends SMEs to the project.
- ACT/EMP – ILO Technical and financial support for the project's concept and development.
- Participants/Companies Both SMEs applying for membership and large companies as purchasers.

► How was this digital platform financed?

The budget was USD 90.000. This included recruitment of personnel, platform design and consultants working on the programme. The time and dedication of personnel from Asociación Pyme and CONFIEP were in addition.

► It wasn't all easy

Platform design. Contacts were sought with local suppliers with experience and knowledge of developing similar platforms. It was soon obvious that local suppliers only had experience of developing B2B (business to business) platforms but not ones that involved a training component and this was the first obstacle identified. Nevertheless, the supplier adapted to the specified requirements and focused on designing a platform that would meet the requirements.

Digital literacy. Challenges were detected concerning people's level of digital knowledge, which was age-related. According to Peru's Statistics and Information Technology Institute, at the end of 2020 fewer than 50% of the population between 41 and 50 years of age used the Internet. This figure reflects the barrier faced by businessmen in this age range regarding use of digital media, despite having sufficient experience to qualify as suppliers to large companies.

► Finally, lessons learned from the process

1. Facing realities: in spite of the fact that the aim was a virtual platform with minimal human intervention, we found that this was not possible. SMEs generally need support and verification of data, as well as a training component to enable them to become suppliers to large companies and to bolster their digital skills.
2. Seeking opportunities and allies: CONFIEP has been collaborating with the ILO and many of its member organisations for years. This enabled it to seek solutions, find finance and recruit participants quickly.
3. Listens to your clients: the large companies were willing to take part in the programme as long as there were certain guarantees of quality and commitment from the participating SMEs.