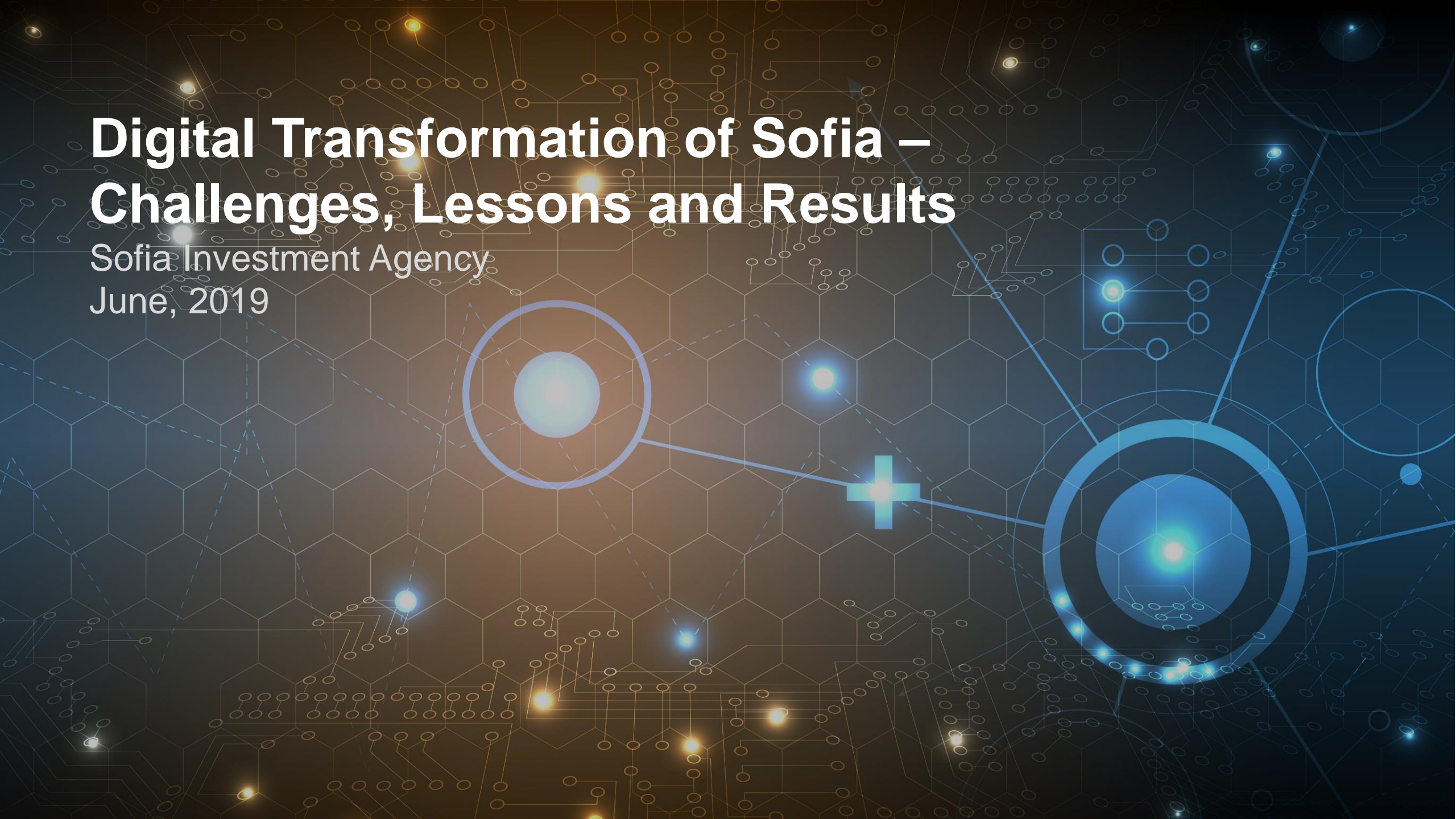


# Digital Transformation of Sofia – Challenges, Lessons and Results

Sofia Investment Agency  
June, 2019



# Sofia Economy at a Glance



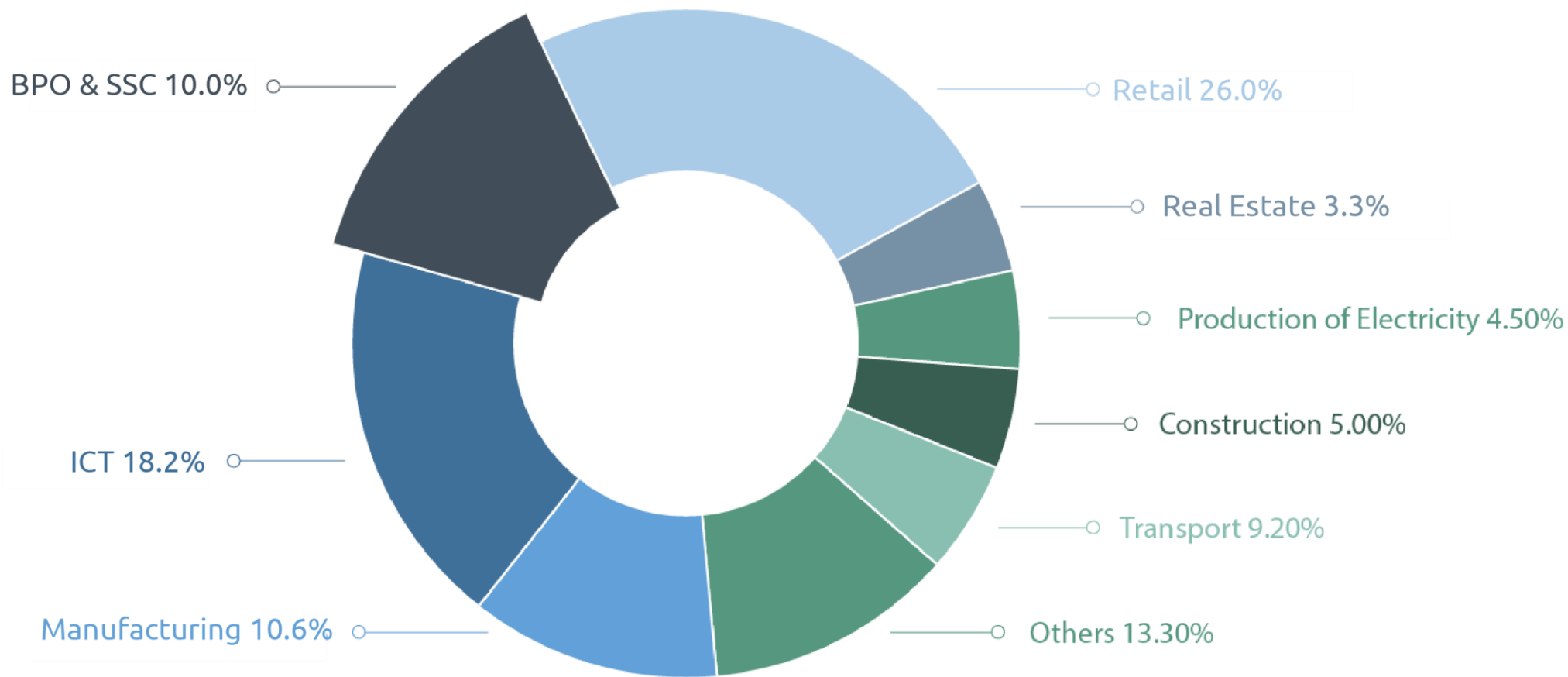
**1.65 M**  
population  
*incl. surrounding  
region*

**25%**  
of Bulgaria's  
workforce

**40%**  
of Bulgaria's  
GDP

**BBB-**  
**positive outlook**  
S&P Credit Rating  
of Sofia

# Sofia economy by sector, %\*



According to Sofia Investment Agency's estimations

\*Value added at factor costs

Source: Sofia Economic and Investment Profile, 2018

# Why Digitalisation?

- Fulfill the role of the city as **market creator**
- Increase **efficiency**
- Fight **negative demographic trends**
- Improve **services for citizens and business**
- Prepare for **smart city solutions**
- Make **data-driven decisions**



# Digital Cities Challenge

- Project of the **European Commission**
- EC methodology
- 18 months **consultancy** for 15 cities including Sofia
- 6 **mentor cities**, 20 paid participants



# Digital Cities Challenge – Methodology

- Step 1: **Assessment** of Sofia's digital maturity
- Step 2: Development of the **Strategy for Digital Transformation for Sofia**
- Step 3: Development of models for **governance, monitoring and evaluation** of the Strategy
- **Academy seminars**
- Involved **over 100 local stakeholders** – interviews and workshops











# Step 1: Assessment of Sofia's digital maturity

- **Strong ICT sector** – close to 20% of Sofia's economy. But... **export-oriented**
- **Lack of common vision and coordination** between digital projects in the city
- **Lack of an established system** for data management on a city level
- Low digital maturity of **administration and industry**











# Step 1: Assessment of Sofia's digital maturity

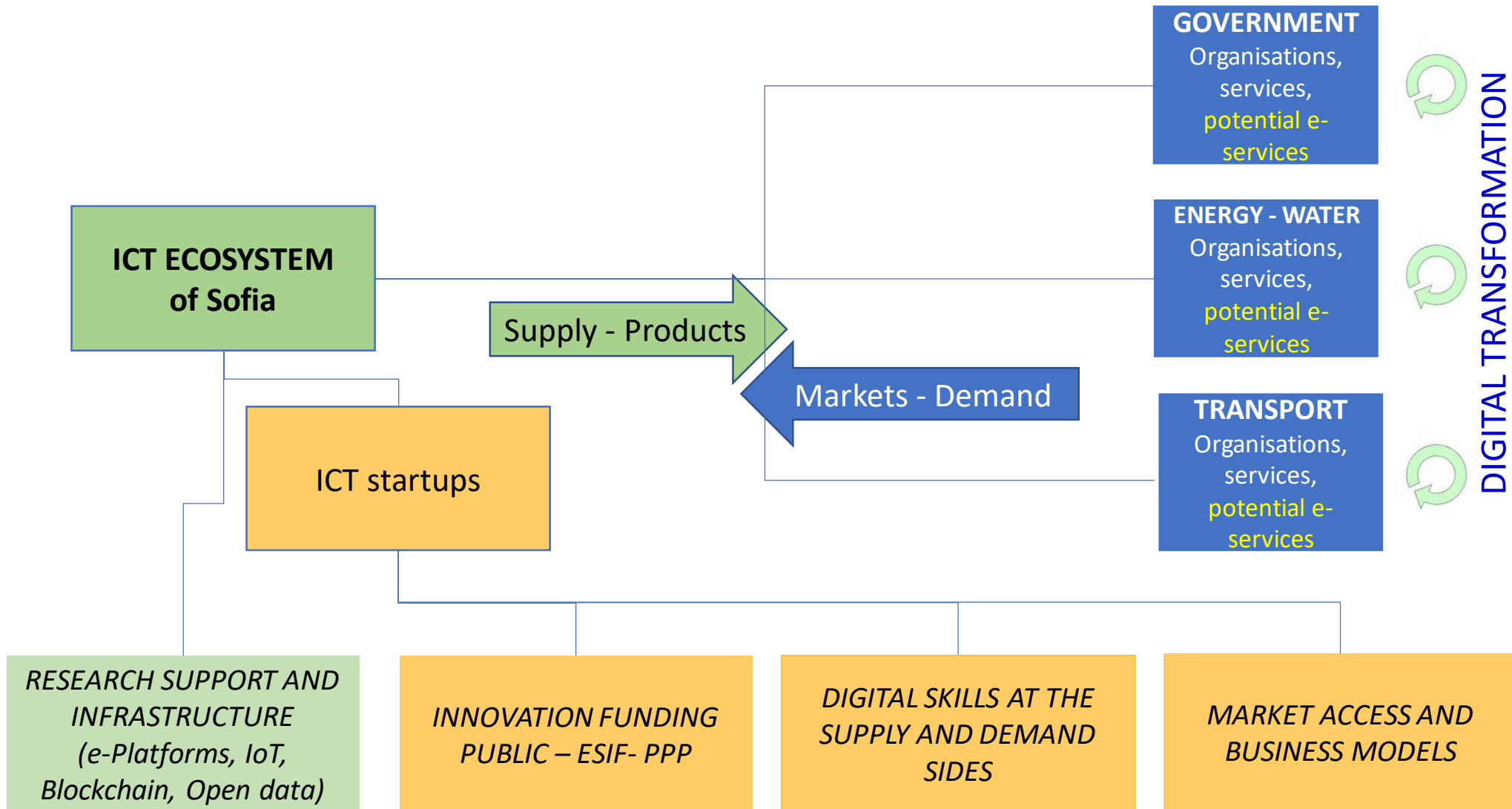
	Strengths	Weaknesses
 <b>Infrastructure</b>	<ul style="list-style-type: none"> <li>&gt; Extended FTTH network at housing &amp; businesses</li> <li>&gt; Extended 4G network</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Very limited coverage of public spaces by Wi-Fi, around 100 hotspots in the entire city</li> </ul>
 <b>Access to data</b>	<ul style="list-style-type: none"> <li>&gt; No strengths in any domain of data access</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Low Open Data awareness and culture</li> <li>&gt; A few Open Data repositories and data centres</li> <li>&gt; Low public engagement and policy</li> </ul>
 <b>Digital skillset</b>	<ul style="list-style-type: none"> <li>&gt; Strong interest of young people in digital subjects</li> <li>&gt; Additional education and training in digital skills are provided by the IT sector</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Digital skills in non-digital sectors are limited</li> </ul>
 <b>Companies' digital competencies</b>	<ul style="list-style-type: none"> <li>&gt; High use of digital processes in companies driven by senior management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Limited awareness for industry 4.0 concepts</li> <li>&gt; Limited access to local IT solution providers</li> <li>&gt; Rather limited use of cybersecurity solutions and privacy measures by companies</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>&gt; Strong IT tech-community in the city</li> <li>&gt; Frequent networking events for digital companies organised</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Low collaboration amongst digital and non-digital stakeholders</li> <li>&gt; Low networking between digital and non-digital companies</li> </ul>
 <b>Finance</b>	<ul style="list-style-type: none"> <li>&gt; Strong business angels community providing equity capital to IT companies</li> <li>&gt; Larger VC funds started operation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Limited funding is available by banks in all areas of finance</li> <li>&gt; Limited bank loans to digital companies.</li> <li>&gt; Non-existent VC funding by banks</li> </ul>
 <b>Support services</b>	<ul style="list-style-type: none"> <li>&gt; No strengths in any domain of support services, apart incubators and accelerators</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Low offer of intermediary tech support such as innovation labs, accelerators, fablabs, citylabs, for digital and non-digital companies</li> </ul>
 <b>Governance &amp; leadership</b>	<ul style="list-style-type: none"> <li>&gt; No particular strengths in any domain of gov and leadership</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Stakeholders do not share a common vision on digital development</li> <li>&gt; No single authority for planning and implementation of a digital development plan</li> </ul>



# Step 1: Assessment of Sofia's digital maturity

	Opportunities	Threats
 <b>Infrastructure</b>	<ul style="list-style-type: none"> <li>&gt; Nothing identified</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Nothing identified</li> </ul>
 <b>Access to data</b>	<ul style="list-style-type: none"> <li>&gt; Nothing identified</li> </ul>	<ul style="list-style-type: none"> <li>&gt; The mindset towards the open data culture and participatory governance</li> <li>&gt; Silos of data creation and management in the public administration</li> </ul>
 <b>Digital skillset</b>	<ul style="list-style-type: none"> <li>&gt; Training and professional expertise to be offered by the private sector and IT companies</li> </ul>	<ul style="list-style-type: none"> <li>&gt; The public interference to digital education</li> </ul>
 <b>Companies' digital competencies</b>	<ul style="list-style-type: none"> <li>&gt; Nothing identified</li> </ul>	<ul style="list-style-type: none"> <li>&gt; The public interference in digital competencies</li> <li>&gt; Trends towards strong public regulation</li> <li>&gt; Eventual barriers in public procurement of IT services</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>&gt; Platform-oriented growth</li> <li>&gt; Creation of communities of practice in IT related domains</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Low connectivity between digital and non-digital sectors</li> <li>&gt; Somehow isolated IT community from the other economic sectors of the city</li> </ul>
 <b>Finance</b>	<ul style="list-style-type: none"> <li>&gt; Funding from ESIF / structural funds</li> <li>&gt; Interconnection between public and private funding</li> <li>&gt; Use of funds available in the S3 strategy</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Most serious threat is bureaucracy</li> <li>&gt; Funding for IT companies should not be managed by public authorities</li> </ul>
 <b>Support services</b>	<ul style="list-style-type: none"> <li>&gt; A virgin domain for the provision of support services and various types of city-based labs</li> </ul>	<ul style="list-style-type: none"> <li>&gt; City-labs and intermediary support services to be offer in the sphere of the public domain</li> </ul>
 <b>Governance &amp; leadership</b>	<ul style="list-style-type: none"> <li>&gt; There are many opportunities for e-government and e-services based on sound business processes</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Provision of governance and leadership by business as usual procedures</li> <li>&gt; Barriers created by silos in the public administration</li> </ul>

# Step 2: The Strategy for Digital Transformation



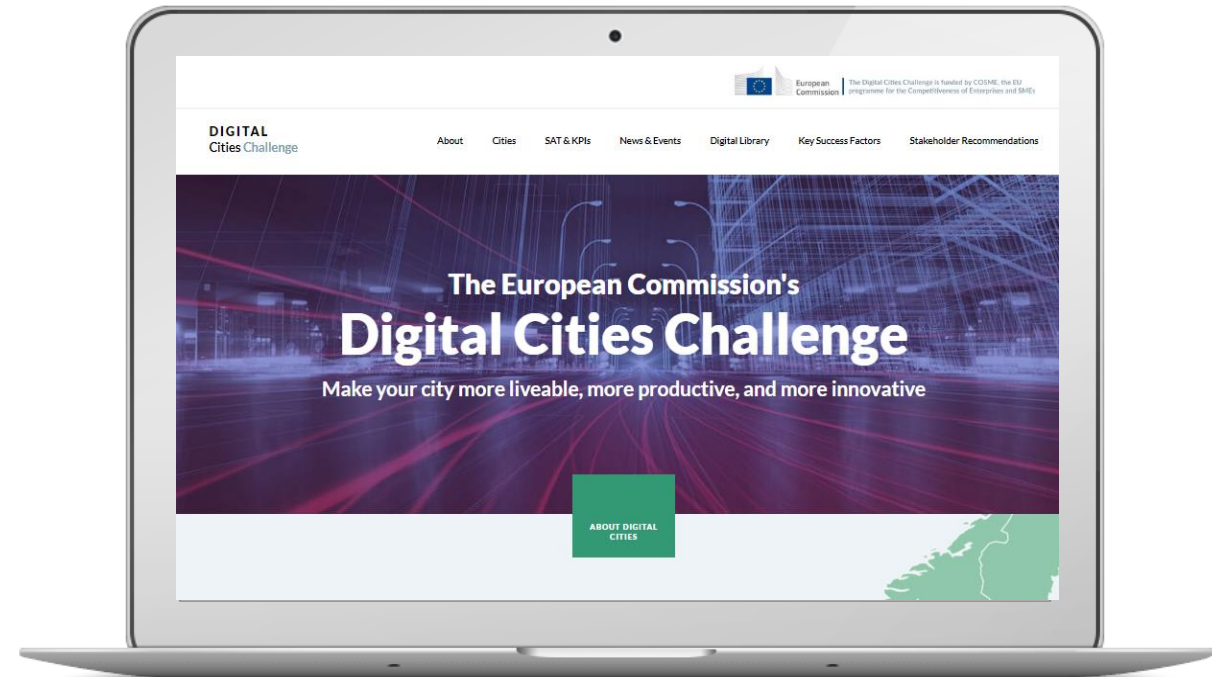
# Step 3: Models for Governance, Monitoring and Evaluation

- Governance
  - Sofia Investment Agency
  - Advisory boards
  
  - Sofia Digital Agency
  - Chief Digital Officer
- Monitoring and evaluation
  - Different levels of KPIs



# Digital Cities Challenge – Results so far

- **Community** with over 40 EU cities
- **Community** with over 100 local stakeholders
- Create a **point of contact for digital projects** in Sofia
- Invitations to participate in **other projects**
- **Increased awareness** about the need for digitalisation
- Working on submitting the Strategy for **review and vote by the Sofia Municipal Council**



# Sofia Investment Agency

12 Gen. Gourko St,  
Sofia, Bulgaria  
[contact@investsofia.com](mailto:contact@investsofia.com)  
[investsofia.com](http://investsofia.com)

 Sofia Investment Agency

 @InvestSofia

 /SofiaInvestmentAgency