



Are your enterprise digital skills up to date?

Overcoming skill barriers and accelerating cloud adoption

Professional workforce training, upskilling employees, and adapting the business for new ways of working are important issues for companies and economies. Estonia, Latvia and Lithuania therefore provide funding opportunities to support businesses on their way into the modern digital age.

The digital skills gap

In the last decade, the business world has changed dramatically due to the impact of digital innovation. As part of the drive towards digitalization, the amount of information collected in the form of text, image, audio, and video files, as well as data from a multitude of technical and business processes, has increased steadily over the years. People, companies, and organizations were faced with challenges due to data overload – until cloud-based services changed the game.

“The cloud” began to enable digital innovation and now fuels many of the recent digital trends and new business models, from AI and machine learning to IoT and global content delivery. The key reasons for the unstoppable spread of cloud-based solutions are the global availability of services, which enables application deployment in

multiple physical locations with just a few clicks, and the scalability of resources that allow for dynamic changes in the business. These combine to make the cloud a beneficial companion for many companies, especially smaller businesses and start-ups, as it enables them to go from an idea to (IT) implementation much faster than ever before, and at dramatically lower cost.

Because cloud computing is foundational for many digital solutions, building the right cloud skills becomes critical to any company's digital transformation.

A study by Deloitte¹ shows that the combination of agile infrastructure and organizational factors is a sign of digitally mature companies.

What opportunities does cloud computing offer?

In the context of work process organization, the revolutionary innovation of cloud computing is its agility coupled with resource scalability and service availability. The introduction of cloud services provides employees with opportunities to create value without being tied to office spaces or set hours. At the same time, this requires active self-management and a good understanding of cloud computing tool functionalities and processes. It is therefore crucial to every organization that employees are empowered to navigate the new digital world.

What are cloud skills and why is there a skills gap?

Although cloud skills are not yet completely defined, their main attributes can be described as:

1. Understanding IT basics, including data generation and handling, as well as knowing about currently emerging service models (e.g. Infrastructure-as-a-Service, Software-as-a-Service)
2. Awareness of how cloud computing works, including relevant actors, processes, and specifics
3. Data security awareness, including concepts such as encryption, authorization, and protocols.



¹ Kane G.C. et al., "Accelerating digital innovation inside and out", Deloitte, 2019.

Cloud-based IT systems are being implemented rapidly in many organizations, but employees' professional development cannot always keep pace with progress, especially for employees who do not already have significant IT knowledge, and the result is a **"cloud skills gap"**. In fact, this gap seems to have widened in recent years, making it necessary for every organization to identify and overcome its shortfalls as quickly as possible.

Employees with cloud skills are in high demand.

A survey by 451 Research² shows that 85% of IT decision-makers report shortages of cloud skills. The cloud skills gap therefore presents companies with the dilemma of whether they should hire new talents who have the right skills or train their existing employees. While some organizations might tend towards the first option, especially if they are growing fast, in more traditional and knowledge-intensive businesses the second option may be the right choice. Long-standing employees are carriers of precious experience and know-how that cannot be replaced or regained easily. Since employee skills are the foundation of long-term success, training and developing existing talents is increasingly important.

One of the most effective ways your organization can close its cloud skills gap is by updating IT skills within existing staff. This requires a comprehensive training strategy that includes both in-depth cloud skills for key technical teams and cloud fundamentals for a wide range of stakeholders. Training everyone from executives to IT staff in cloud fundamentals will help build excitement around the cloud and get teams speaking a common language.

The challenges of technological change can only be met if everyone can work together. Therefore, it is essential that companies and employees are not left alone with increasing training needs, but receive support from both government and society. In particular, public funding for education and training measures with a focus on cloud skills could be an effective instrument that paves the way for companies, employees, and society in general to rapidly enter the modern digital age.

A good example of a proactive approach to tackling this issue is Amazon Web Services (AWS).

AWS Training and Certification offers the resources that companies need to develop their teams, innovate in the cloud, and transform their organization. AWS and the AWS Training Partner Network offer group training, in person or online, led by expert instructors who teach in-demand cloud skills and best practices using a mix of presentations, discussions, demonstrations, and hands-on labs.

AWS also provides education programs that provide new paths for individuals to develop cloud expertise and enter the technology workforce. These programs, which include AWS Academy and AWS re/Start, work hand-in-hand with organizations, educational institutions, governments, and private sector companies to empower individuals along different professional journeys to prepare for high-quality jobs.

² 451 Research's Voice of the Enterprise (VotE): Cloud, Hosting & Managed Services, Organizational Dynamics, 2020.

Cloud skills as business driver and labor market factor

In parallel with technical progress, society is evolving in the direction of a knowledge economy, and this trend favors certain skills. For years, demand has been growing for abilities such as identifying synergies in business processes and automating them; handling large amounts of data; and extracting information and conclusions from diverse data sources. These skills are the perfect prerequisite for implementing cloud-based solutions, which are often a key success factor for sustainable business development, as noted above. To give some examples³:

1. Companies with cloud training are **2.2x** more likely to agree that their IT infrastructure has been simplified significantly by using the cloud.
2. They are **2.5x** more likely to agree that the cloud means new capabilities are added faster.
3. They are **4x** more likely to agree that the cloud can improve IT resource utilization.
4. They are **3.7x** more likely to understand how to successfully increase and decrease capacity on demand.
5. They are **2.7x** more likely to agree that the cloud can help foster innovation.
6. They are **5.3x** more likely to agree that the cloud can improve the global reach of products and services to better serve client requirements.

Research also shows that the main driver of fast cloud adoption is **employee training**. Organizations that train their employees comprehensively can adopt cloud services and solutions 80% faster and are 1.9 times more likely to move towards full deployment.

As cloud skills gain importance across all industrial sectors and business areas, training in the field of cloud solutions has numerous major benefits, including for the employees. It prepares trained talents for future technological changes and increases their value in the job market. Training individual employees also creates spill-over effects within the company, because skills and specialist knowledge are exchanged between colleagues and spread throughout the company. This kind of knowledge transfer should not be underestimated.



³ IDC Whitepaper: Train to Accelerate your Cloud Strategy.

Cloud skills training for employer branding

The primary goal of employer branding is to communicate a positive corporate image to talents who are interested in joining the company or are already on board. A robust cloud skills development program is a promising way to show how the organization invests in and values its people. This can enhance recruitment by establishing the organization's **reputation** as an ambitious, forward-looking enterprise. Companies that are seen as a "cloud employer of choice" are typically considered more desirable places to work and new tech talent tends to value companies that support their professional growth.

Employing staff with certified cloud know-how can also help to better attract and retain talent. Among IT leaders at organizations with certified staff, 93% say the decision to support employees in earning certifications improves recruitment and 96% agree it improves retention⁴.

As the cloud becomes the "new normal", it is important for companies to accelerate cloud adoption to differentiate their business and better serve their customers. Timely, effective, and efficient personnel development is one of the key success factors on the path towards digital transformation.

Public Funding Opportunities for Professional Training

The coronavirus (COVID-19) pandemic is taking a heavy social and economic toll in Europe. Lockdowns, voluntary social distancing, and related supply chain disruptions have led to a substantial decline in economic activity. However, the pandemic would have impacted Europe much worse without the cloud infrastructures and skills already established in the workforce and the unprecedentedly strong and multifaceted economic stimulus response to the crisis. Across Europe, governments have deployed sizeable fiscal packages to **support** companies, with job retention programs preserving millions of jobs. One of these measures for creating security in the labor market in these challenging times is state support for **digital employee training courses**.

Training and educating employees is a process that requires significant effort in terms of budget and time. Small and medium-sized enterprises or family-run businesses face particular challenges here because they often lack the resource flexibility to invest in digital training for their employees.

European governments have recognized this challenge and initiated various **supportive measures** for larger and smaller companies as well as unemployed, underemployed, or underrepresented individuals, with the goal of reducing the barriers to and risks of professional training, especially in emerging areas such as cloud-based services. On the following pages we present examples of currently available programs and measures.

⁴ ESG Research Insights Paper commissioned by AWS, "Understanding the Value of AWS Certifications to Organizations", October 2020.



Lithuania

The Digital Economy and Society Index lists Lithuania as 14th in the overall score¹. This reflects digital challenges Lithuania is currently facing, including the delayed deployment of 5G, a persistent and significant urban-rural digital divide in terms of broadband infrastructure, low levels of digital skills and a lack of ICT specialists, and limited digitalization and uptake of advanced technologies across the Lithuanian SMEs and start-ups². The government is aware of these challenges and intends to remedy this situation by investing in digital transition – also in the frame of the Recovery and Resilience Plan. The plan also includes substantial reforms and investments valued around EUR 117 million to digitalize the public sector, to promote digital skills for children, employees, civil servants, and senior citizens, and to address the shortage of IT employees in the labor market. One of the available schemes supporting the enhancement of IT skills in Lithuania is described below.

Name

Vocational training

https://uzt.lt/prof_mokymas/profesinis-mokymas/



Brief Description

Lithuanian Employment Service (Užimtumo tarnyba) provides opportunities for employees that seek to change their profession and job. Retraining of these persons into the priority professions identified by the Employment Service³ is financed in order to ensure sustainable employment and to create career opportunities. Another scope of this scheme is to help employees in transition to acquire qualifications or competencies required for the target job. Vocational training is possible under one of the following conditions:

- Employee is planning to take up self-employment, or
- Employer intends to promote the employee after the training. Promotion comes along with the salary increase of at least 20%, or
- Employee is warned about dismissal when his / her position becomes obsolete due to the emergency situation and quarantine announced by the Government of the Republic of Lithuania.

A necessary condition of access to the funding is the conclusion of an agreement between the Employment Service and the trainee and, if applicable, with the employer. This agreement regulates the duration and conditions of the employment after the training.

The future vocational training participant chooses the vocational training provider himself or herself and, in the case of a tripartite agreement, in agreement with the employer.



Type and amount of support

Reimbursement of:

- Expenditure on vocational training services: up to EUR 6,789
- Training scholarship: up to EUR 343
- Travel expenses
- Accommodation costs



Application procedure

Please contact the Lithuanian Employment Service at info@uzt.lt, eures@uzt.lt or +370 5 250 0883 for further advice.

¹ <https://ec.europa.eu/newsroom/dae/redirection/document/80486>

² https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/lithuanias-recovery-and-resilience-plan_en

³ <https://www.e-tar.lt/portal/lt/legalAct/713d6de01f2e11ebb0038a8cd8ff585f>



Estonia

In 2021 Estonia took the seventh place in the pan-European digitalization rank. According to the Digital Economy and Society Index, citizens have above-average IT skills (rank 5) compared to the peer group. Estonian government undertakes several measures in order to keep this high level. Also, in the frame of the national Recovery and Resilience Plan the government is moving forward with the digital transformation of enterprises as well as with the provision of digital skills. Two corresponding incentive programs – the tax incentive and a cash-grant based scheme – are described below.

Name

Tax Incentive

<https://www.emta.ee/en/private-client/taxes-and-payment/tax-incentives/training-expenses>



Brief Description

According to the law of the Republic of Estonia, an individual may deduct training expenses from their income only if the expenses were paid for studying in a state or local government educational establishment; a university in public law or in a private school which in the framework of the study program has an activity license or a registration entry in the Estonian Education Information System (EHIS) or the right to provide a higher education; a foreign educational establishment of equal status with the aforementioned, or for studying on fee-charging courses organized by such educational establishments.



Type and amount of support

- Deduction of training expenses up to EUR 1,200
- Deductions cannot exceed 50% of the taxpayer's taxable income in Estonia for the same period of taxation.



Application procedure

Automatic transmission of all training expenses from the training institutions to the tax authorities on the 1st of February. The Estonian Tax and Customs Board enters the data on the training expenses on pre-completed income tax returns. In case of discrepancies, the training institution can be contacted to correct the data.



Estonia

Name

Training grant for employers for developing employees' proficiency in information and communication technology (ICT)

<https://www.tootukassa.ee/en/services/employers/training-grant-employers-developing-employees-proficiency-information-and>



Brief Description

The training grant to develop employees' ICT proficiency can be applied for by legal persons governed by private law, sole proprietors who operate as employers, and local government authorities.

In order to train employees, employers can choose a training program that complies with the Adult Education Act or compile a suitable training program if no such program is provided on the market. The training program must comply with the Continuing Education Standard and the participants must receive a certificate or attestation at the end of the program. The volume of the training must be at least 50 academic hours and the program may last up to one year.

In order to obtain the grant, the company is required to have paid the employer's unemployment insurance premium for at least 24 months during the three-year period prior to submitting the application. The employment contract of the employee (for whom the grant is being applied) must be without term or remain valid for at least six months after submission of the application.



Type and amount of support

The training grant is limited to EUR 2,500 per employee. It covers up to 80% of total costs of the education measure, that may include:

- Training costs
- Allowance for the hours the employee attended the training in the amount of minimum hourly wage
- Travel expenses of an employee participating in a training program if it takes place abroad



Application procedure

The application for each training grant must be submitted via the online platform of the Unemployment Insurance Fund before the commencement of the training program: <https://www.tootukassa.ee/etootukassa/logi-sisse>



Latvia

In 2021 Latvia reached the 17th place of the Digital Economy and Society Index. The country's strengths are the broadband connectivity and handling governmental processes online. However, according to DESI data over half of Latvia's population doesn't have basic IT skills¹. The government has recognized this issue and addresses it in its Recovery and Resilience plan. Among others, the government intends to invest up to EUR 95 million into improving the basic and advanced digital skills of citizens, enterprises, and public administration².

Name

Training of ICT Professionals organized in partnership for innovation and development of the sector

<https://likta.lv/projekts-ikt-profesionalu-apmacibas/>



Brief Description

The ICT sector is one of the fastest growing sectors of the Latvian economy, providing new jobs. ICTs are increasingly integrating into a wide range of sectors, significantly affecting their productivity, and becoming a driving force for the economy as a whole. However, the lack of a quality workforce is one of the main obstacles to the growth of any industry. The knowledge and skills of employees are crucial for companies to be able to use technology to innovate, develop and implement new or improved products and services, thus increasing their competitiveness and productivity. The aim of this measure is to increase the qualification of employed ICT professionals through training, promoting the introduction of technological innovations and increasing productivity, thus promoting an increase in the number of innovative companies, an increase in the share of exports in the ICT sector and growth in the ICT sector.



Type and amount of support

The aid intensity depends on the company size:

- For micro and small enterprises: up to 70% of the direct training costs
- For medium-sized enterprises: up to 60% of the direct training costs
- For large enterprises: up to 50% of the direct training costs



Application procedure

For detailed information about the conditions of participation please contact LIKTA at: inese@likta.lv or elita@likta.lv.

¹ <https://ec.europa.eu/newsroom/dae/redirection/document/80482>

² https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/latvias-recovery-and-resilience-plan_en



Latvia

Name

Aid for the training of employees

<https://labsoflatvia.com/en/support#development/aid-for-the-training-of-employees>



Brief Description

The purpose of the program is to provide support for the improvement of the skills of employees in order to promote the introduction of technological innovations and increase of labor productivity. Projects are implemented by industry associations, which at the request of merchants that are active in the ICT, manufacturing and accommodation industry provide appropriate training in selected areas.



Type and amount of support

The aid intensity depends on the company size:

- For micro and small enterprises: up to 70%
- For medium-sized enterprises: up to 60%
- For large enterprises: up to 50%



Application procedure

Please contact the Central Finance and Contacting Agency at info@cfla.gov.lv or +371 66939777.

Outlook

Against the background of ongoing technological changes and the associated risks for companies and employees, it is vital to focus on target-oriented solutions, such as training employees in relevant technologies. To enable this, policy-makers must recognize the need for training measures and actively support their implementation – and they do.

As part of the next long-term EU budget, the European Commission has proposed to implement a Digital Europe Program for 2021–2027 at a total value of EUR 9.2 bn. This program focuses on building and boosting Europe's digital capacities and facilitating the deployment of digital technologies for use by Europe's citizens and businesses. The subsidies under this program can be paid directly to companies. One part of this program supports workforce upskilling by means of short training courses that reflect the latest developments in key capacity areas. A budget of EUR 600 m is allocated to incentivizing training measures and companies that offer digitization-related training to their own staff are eligible to participate.

Another upcoming EU-wide program is the European Social Fund (ESF+), which provides EUR 102.2 bn in the 2021–2027 funding period for regionally-oriented measures throughout Europe that offer professional qualifications and promote integration into the labor market. One focus of ESF+ is funding initiatives to improve education and training, and a significant portion of the fund is devoted to this purpose. In its previous period, ESF primarily supported SMEs, while also helping universities and vocational training institutions to build closer relationships with businesses and employers in their countries and regions.

These measures are intended to help increase prosperity, create new opportunities, and strengthen social cohesion for all European citizens.

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Deloitte's Global Investment and Innovation Incentives (Gi³) Service Line supports companies and individuals with the structured acquisition of public funding, whether that means grants or tax incentives. Taking advantage of grants, credits, and incentives requires time and effort. Deloitte's Gi³ teams are highly experienced in the practicalities of preparing, negotiating, and agreeing applications, from the initial feasibility review to document submission.

Professional workforce training in companies, qualifications for lower-skilled people, and adapting companies for new ways of working are all important to governments, and therefore there are various funding opportunities to support these areas. Deloitte assists companies and organizations with their applications for incentives in all legal, organizational, and financial matters.

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