Digital Transformation of Industry
The EU vision, strategy and actions

GROW SHOW 2015
Co-innovation event

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# Why is a strong Digital Single Market important for Europe?

Europe and its companies cannot afford to miss the opportunities offered by a fast growing digital economy. For this to happen, we need a strong Digital Single Market to overcome the fragmentation of the internal market and divergent national regimes. It is time to unlock the growth that this economy could generate. This is a clear priority for the European Commission.

Elżbieta Bieńkowska
Commissioner Internal Market, Industry, Entrepreneurship and SMEs - DG GROWTH

Why we need a Digital Single Market

315 million Europeans use the Internet every day
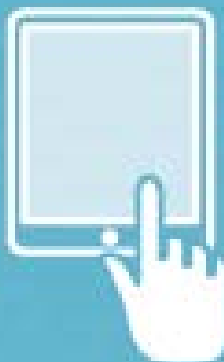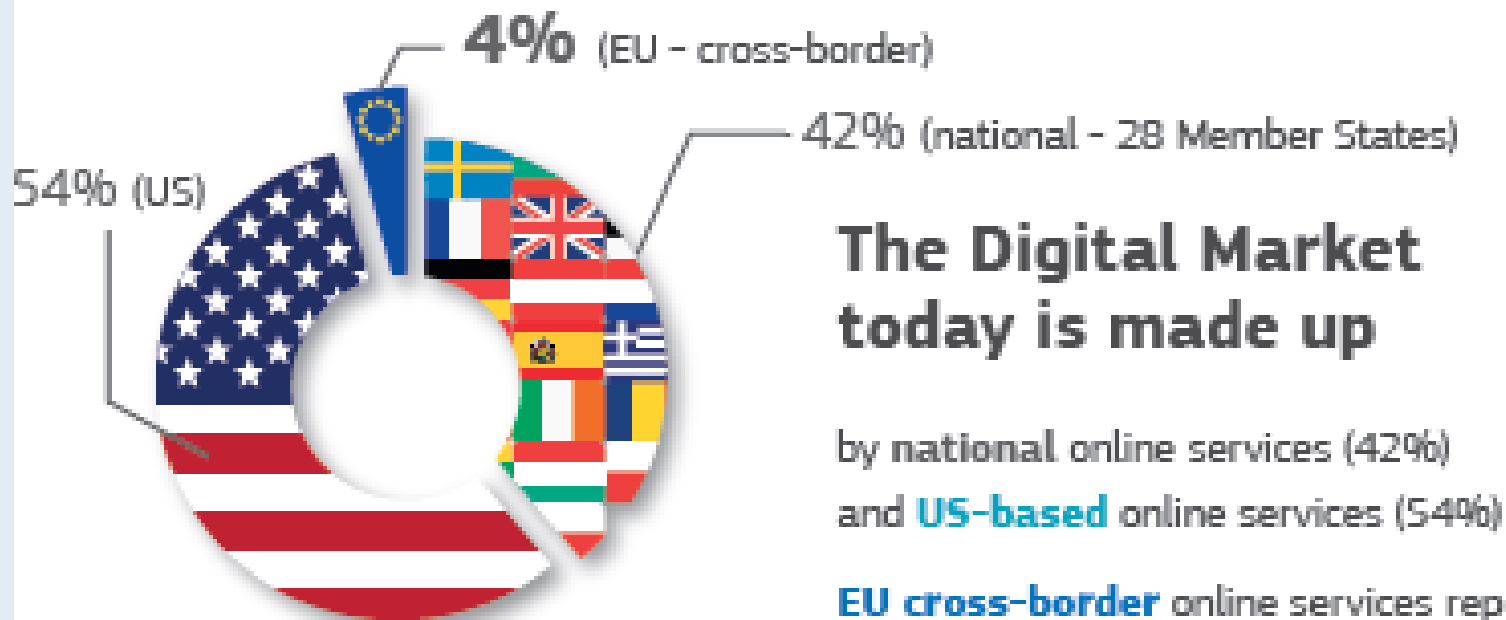
A Digital Single Market can create up to **€415 billion** in additional growth, hundreds of thousands of new jobs, and a vibrant knowledge-based society

But obstacles remain to unlock this potential...

4% (EU – cross-border)

54% (US)

42% (national – 28 Member States)

The Digital Market today is made up

by national online services (42%)

and **US-based** online services (54%)

EU cross-border online services represent only 4%

Digital matters to European economy

75%

75% of the **economic value** created by the Internet arises from traditional companies that are using web-based applications

1,5m

1.5m **additional jobs** would be created in the EU Internet Economy, if the entire EU mirrors the performance of US or Sweden
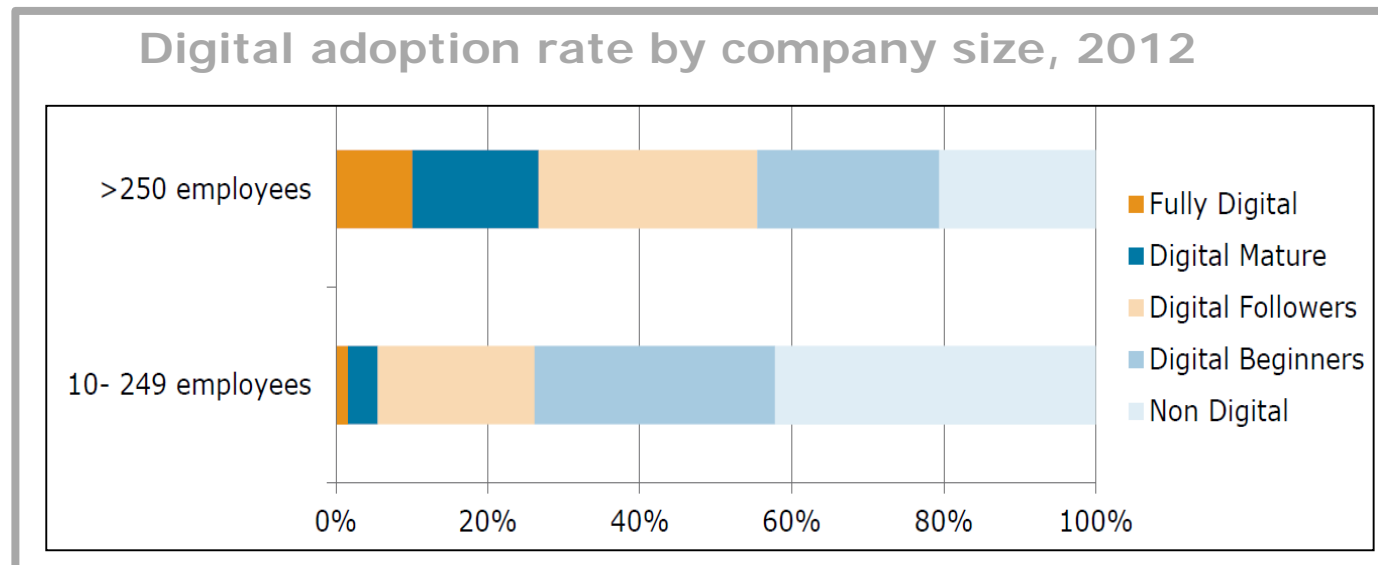
2-3x

SMEs **grow** two-three times **faster** when they embrace digital means
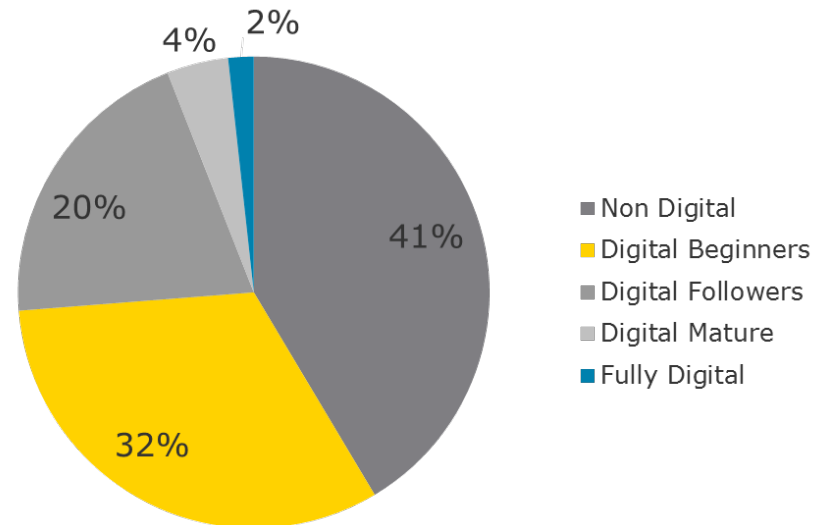
EU BUSINESSES ARE SLOW TO EMBRACE THE CHANGE

✓ **Only 14% of SMEs** use the **internet as a sales channel**

✓ **41% of EU companies still haven't adopted the second wave of advanced digital technologies** (mobile, social media, cloud computing and big data)

✓ **Progress is uneven among sectors and slow, especially for SMEs**

Digital adoption rate by company size, 2012

Legend:
- Fully Digital
- Digital Mature
- Digital Followers
- Digital Beginners
- Non Digital

Categories: >250 employees; 10- 249 employees

X-axis: 0%, 20%, 40%, 60%, 80%, 100%

Only 2% of EU enterprises take full profit of the digital opportunities

Companies that stay ahead of mainstream IT adoption, and **employ new technology advances** (big data, cloud computing, mobile and social solutions) to improve efficiency, connect with new customers and markets, and compete with much larger players.
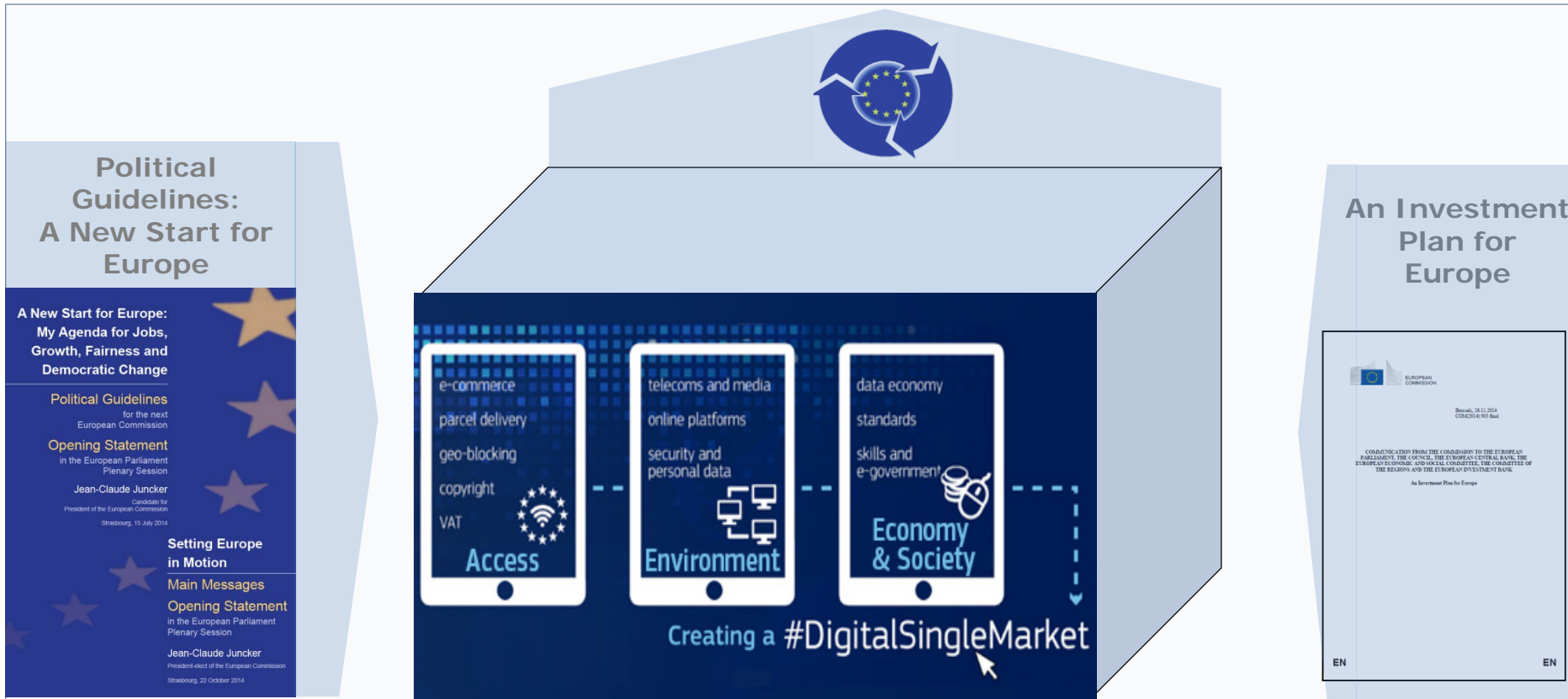
Distribution of Digital Enterprises: 10+ employees, Total EU

- Non Digital — 41%
- Digital Beginners — 32%
- Digital Followers — 20%
- Digital Mature — 4%
- Fully Digital — 2%

Source: IDC 2013

The three pillars of the Digital Single Market

The three pillars of the Digital Single Market

1 Better access for consumers and businesses to digital goods and services across Europe

Unlocking e-commerce potential

15% of consumers bought online from other EU countries in 2014, while **44%** did so **domestically**

➜ EU consumers could **save €11.7 billion** each year if they could choose from a full range of EU goods and services when shopping online

Only **7% of SMEs** in the EU sell cross-border

Small online businesses wishing to trade in another EU country face around **€9,000 extra costs** for having to adapt to national laws

➜ If the same rules for e-commerce were applied in all EU Member States, **57% of companies** would either start or increase their online sales to other EU countries

1 Better access for consumers and businesses to digital goods and services across Europe

1. rules to make **cross-border e-commerce** easier,
2. to enforce **consumer rules**,
3. more efficient and affordable **parcel delivery**,
4. to end unjustified **geo-blocking**,
5. to identify **potential competition concerns** affecting European e-commerce markets,
6. a modern, more **European copyright law**,
7. a review of the **Satellite and Cable Directive**,
8. to reduce the administrative burden businesses face from different **VAT regimes**.

The three pillars of the Digital Single Market

2 Shaping the right environment for digital networks and services to flourish

Strong European data protection rules to boost the digital economy

72% of Internet users in Europe still worry that they are being asked for too much **personal data online**

Rolling out fast broadband for all

Take-up of fast broadband is low: only **22.5% of all subscriptions** are fast ones (above 30Mbps) and Europe has witnessed significant time lags in the roll-out of the latest 4G technology due to the non-availability of suitable spectrum

Spectrum reforms can decrease prices of mobile services and boost productivity over time (estimated EU-wide GDP increase **between 0.11% and 0.16% over 5 years**)

59%

15%

Only **59%** of Europeans can access **4G**, dropping to **15%** in **rural areas**

9. present an ambitious overhaul of **EU telecoms rules**,
10. review the **audiovisual media framework**,
11. comprehensively analyse the role of **online platforms** (search engines, social media, app stores, etc.) in the market.
12. reinforce **trust and security** in digital services,
13. propose a **partnership with the industry on cybersecurity** in the area of technologies and solutions for online network security.

3 Creating a European Digital Economy and society with growth potential

Big data and cloud

Digital data stored in cloud:
2013: 20% – 2020: 40%

The use of big data by the top 100 EU manufacturers could lead to **savings worth €425 billion**

Studies estimate that, by 2020, big data analytics could boost EU economic growth by an additional **1.9%**, equalling a **GDP increase of €206 billion**

An inclusive e-society

Almost half the EU population (**47%**) is not properly digitally skilled, yet in the near future, **90% of jobs** will require some level of digital skills

A strategy of 'digital by default' in the public sector could result in around **€10 billion of annual savings**

3 Creating a European Digital Economy and society with growth potential

14. propose a **'European free flow of data initiative'** to promote the free movement of data in the European Union,

15. define priorities for **standards and interoperability** in areas critical to the DSM, such as e-health, transport planning or energy (smart metering),

16. support an **inclusive digital society** where citizens have the right skills to seize the opportunities of the Internet and boost their chances of getting a job. A new **e-government action plan** will also connect business registers across Europe.

Initiatives on Digital Entrepreneurship and Member States Policies (I)

The **Digital Entrepreneurship Monitor** monitors the key technological and market trends, emerging business opportunities, new business paradigms and their impact on the European economy.

Initiatives on Digital Entrepreneurship and Member States Policies (II)

Watify's online reach is expanding fast

More than 23.000 people following Watify, and 30.000 people are reached every day

Breadth... How many people are connecting with Watify on digital channels? Update: 4/05/2015

19 500 Fans *Average* reach of 12 000 people.	**10 448 Views** *66 videos and 69 subscriptions*	**3 480 Followers** Reach of 10 000 people per tweet.	**493 Followers** Daily reach of 7 000 people.	? monthly *unique visitors* on the website	Blogs News Forums Videos Twitter Reviews Images Facebook **46 mentions/day**

Direct Engagement... What content did people interact with on social media?

Doubt is something we encounter every day. Every day can be like a rollercoaster. #WatifyInspireYou

453 Likes, 15.600 people reached

18 mistakes that kill startups #Watifyinspireyou http://bit.ly/1ykICby

18 Mistakes That Kill Startups

6 Retweets, 5 favorites, 997 impressions

Watify Stimulating Digital Entrepreneurship Moodfilm

Watify

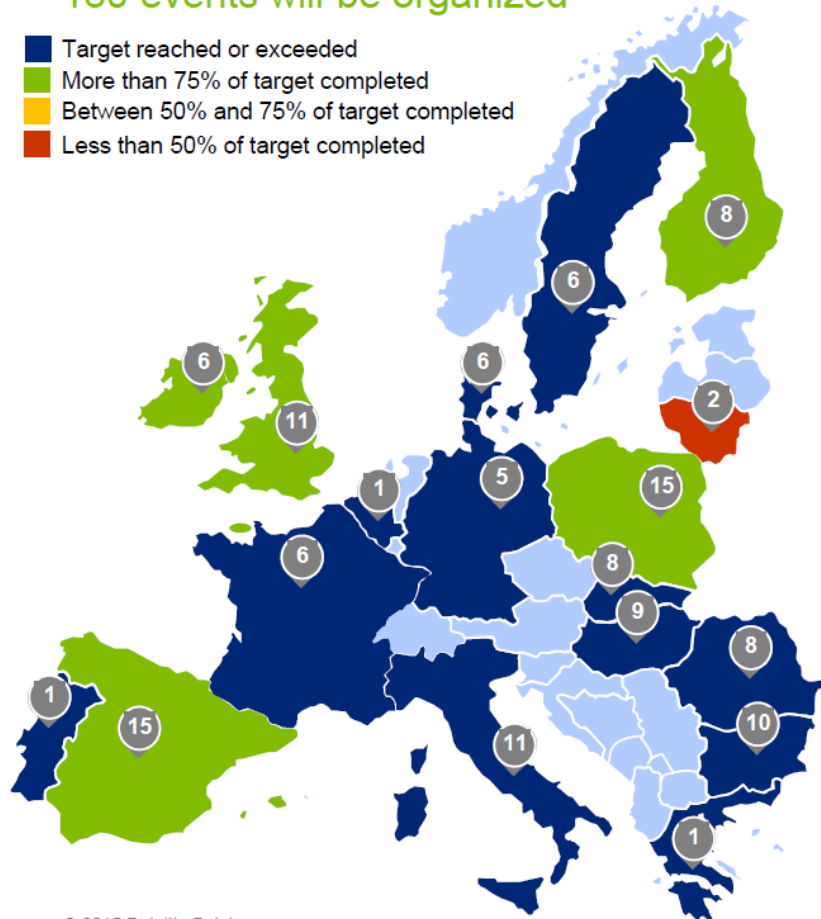1:27

You Tube 1.824 views, 5 reactions

139 Watify events took place until April 2015**

All countries will exceed their targets, showing that the Doubt Sessions are an easy to replicate concept that takes off.

180 events will be organized

- ■ Target reached or exceeded
- ■ More than 75% of target completed
- ■ Between 50% and 75% of target completed
- ■ Less than 50% of target completed

Country	Events (01 May 2015 – 01 May 2015)				
	Target	**Actual**	**Future**	**Total**	
Bulgaria	8	10	0	10	●
Cyprus	8	10	1	11	●
Denmark	5	6	0	6	●
Finland	9	8	2	10	◑
France	5	6	1	7	●
Germany	5	5	1	6	●
Hungary	9	9	1	10	●
Ireland	8	6	3	9	◑
Italy	9	10+1*	1	11+1*	●
Lithuania	8	2	?	2	
Poland	20	15	8	23	◑
Romania	8	8	1	9	◑
Slovakia	8	8	1	9	●
Spain	17	14+1*	15	29+1*	◑
Sweden	5	6	4	10	●
UK	12	11	2	13	◑
Belgium	0	1*	0	1*	NA
Greece	0	1*	0	1*	NA
Portugal	0	1*	0	1*	NA
Total	**144**	**139**	**41**	**180**	**97 %**

139 Watify events took place from May 2014 – 01 May 2015
*On top of BIC/NTA events

3

10 things to know when doing business online

🚀 Launched on March 26, the guide for doing business online has been very positively welcomed by entrepreneurs, eager to share it in their local language

Enterprise Europe @EEN_EU · Mar 27
Does your #business sell products or services on-line? Check out @EU_Growth new on-line guide bit.ly/1BttkhL

What should I do when setting up a web shop?	How do I make sure I comply with personal data protection rules?
How do I promote my activities while complying with the law?	How to make sure my contract complies with the law and is 'bullet-proof'?
What should I know about online payments?	How can I comply with VAT obligations?

View photo

Ryan Heath follows
Eric Gilbers @ericgilbers · Mar 31
@ansip, @EBienkowskaEU : Interesting EU tool for guidance on rules for selling online in the EU bit.ly/1FFKHimH #DigitalSingleMarket

SJIC @StJohnsCentre · Mar 31
Sell online? This incredibly useful online tool by @watify explores 10 things to know when doing business online blog.stjohns.co.uk/2015/03/watify...

GrowthHackers and 18 others follow
Ecommerce Europe @Ecommerce_EU · Apr 3
.@EU_Commission tool helps online merchants sell #crossborder. Read more: ow.ly/L9OpF #ecommerce #SMEs @EU_Growth @watify

Happy Startup School and 5 others follow
Lennu Keinänen @lennukeinanen · Mar 30
Great information package about #ecommerce #regulation in #EU. Everything from #marketing to #logistics ec.europa.eu/growth/tools-d...

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Digitization stories

19 Digitization stories from 10 different countries have been provided to the European Commission

GOVERNANCE
The Strategic Policy Forum on Digital Entrepreneurship

Aim: To **reinforce the dialogue** among business, science and politics with the aim of shaping a common EU **vision**, and ambitious **strategy to boost digital transformation in Europe.**

➢ **Composition**: 34 members

➢ **Chair**: John Higgins, Director General, Digital Europe

➢ **Industry representatives**: digital entrepreneurs, traditional industries, technology providers and business associations;

➢ **Private organisations,** NGOs, universities, research organisations, policy analysts, venture capital firms, etc.

➢ **International Organisations + Public authorities**

GOVERNANCE

The Member State Board on Digital Entrepreneurship

The Member States Board assists the European Commission in shaping a common EU vision, and strategy on digital entrepreneurship.

It is composed of **policy makers, leading the digital transformation strategies** in their countries, with the view to**:**

✓ **promote the implementation** of the digital entrepreneurship strategy at EU, national, and local level.

✓ **ensure coherence and coordination among European, national, and regional policies and actions, under a common framework, to maximise EU-wide impact**

European Commission

Leadership and collaboration	Build trust	Better and more skills and support	Make better policy, rules and regulations
1 Demonstrate inspirational political leadership; set national digital transformation targets	**4** Establish a dialogue between European businesses and technology platform providers	**6** Re-focus funds and programmes to better support digital transformation	**10** Establish a permanent observatory to catalogue policy and regulatory impacts on digital transformation
2 Establish new centres of digital transformation excellence	**5** Reinforce high quality, available, and accessible cross-sector standards	**7** Promote the importance of digital leadership	**11** Put politicians, regulators and officials through digital boot camps
3 Establish a pan-European network of such centres and from the shared experience develop a European blueprint		**8** Make digital part of the educational mainstream	**12** Examine new policy through a digital lens: the digital test
		9 Increase the supply of new, highly specialised skills	**13** Harness the power of e-procurement

The role of cities as launch pads of digital transformation

- ✓ Map cities/centres of digital transformation;
- ✓ Learn from best practices;
- ✓ Create a blueprint for other less advanced cities
- ✓ Pilot and experimentation

Cities and Big Data

- ✓ Many cities are already pioneers in putting the intelligence of data analytics to the service of their citizens and businesses;
- ✓ London, Copenhagen, Amsterdam, Helsinki, Bristol, Barcelona, are among the pioneers in Europe
- ✓ But also innovative international cases: NY, Seattle, Toronto, Chicago, Singapore;
- ✓ Most popular applications concern traffic management, reduction of noise and air pollution, healthcare, statistics information
- ✓ Emerging applications to combat illegal housing, food safety inspections and boost new business growth
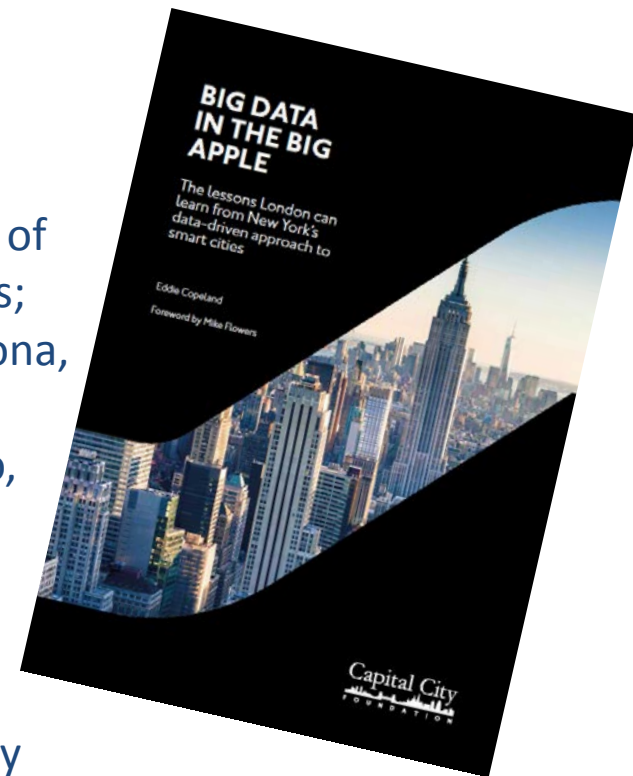
Further reading:

Digital transformation of industry and enterprises:

http://ec.europa.eu/growth/sectors/digital-economy/index_en.htm

Report on "Digital Transformation of European Industry and Enterprises":

http://ec.europa.eu/growth/sectors/digital-economy/entrepreneurship/strategic-policy-forum/index_en.htm

Thank you

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