Adapting to new digital realities

The digital revolution offers major opportunities for Europe to find new sources of inclusive and sustainable growth and solutions to societal challenges, reinforce its democratic institutions and empower European businesses and consumers in a more human-centred environment.

Europe has the opportunity, based on its strengths and values, to shape the digital economy and society, ensuring that the benefits of digital are broadly shared, securing a better quality of life and promoting sustainable development. But putting this vision into effect will not happen spontaneously; to do so will require strong political will, accompanied by ambitious and timely implementation of measures and initiatives, as set out in the Digital Single Market Strategy, at both EU and national and regional levels.

1. Investing to Unlock Digitalisation, Boost Competitiveness and Avoiding a Digital Divide

The digital transformation brings significant benefits for Europe's citizens, but it also comes with attendant socio-economic challenges. At the Tallinn Digital Summit of September 2017, European Heads of State and Government affirmed their commitment to investing in digital technology. In particular, they highlighted those areas where no single Member State can succeed alone, such as connectivity infrastructure (5G), cybersecurity and keeping the EU at the forefront of data analysis and interpretation (High Performance Computing and Artificial Intelligence).

With the right mix of funding from Member States and the European Commission, the aim is to unlock cutting-edge innovation across all economic sectors, including transport, health, finance, energy and agriculture.

At the same time, it is important not to lose sight of the underlying social implications. For example, Artificial Intelligence raises new ethical, legal and societal issues. While technology advances apace, our citizens should not feel left behind. To this end, there is a need to invest in people, ensuring that everyone acquires the basic digital skills that enable them to actively contribute to society. In parallel, regions should press ahead with investments in digital infrastructure, extending the benefits to local communities, workers and users of digitised public services such as e-health and e-learning.

2. Innovation, research and the use of data in the Digital Age

As digital technology permeates all economic sectors, the main challenge is to ensure that European industry and services can successfully deal with the digital transformation of the next decades. The EU has the advantage of a number of significant assets, from a strong manufacturing base to world-class research facilities, complemented by high-end engineering. In order to fully unlock the digital economy, the EU must harness these assets and drive digital innovation forward.

While it is important for Member States and EU to coordinate in critical areas (e.g. spectrum), it is also for the private sector to play its full role, since digitization is a unique opportunity for European industry to modernise, to innovate in the next generation of products and services, to optimise production processes and to create new jobs. Data-driven innovation, in particular, is a key enabler of growth in Europe. The free flow of data across the EU aims at removing obstacles to the free movement of non-personal data, strengthens data economy benefits by allowing companies and public administrations to store and process non-personal data wherever they choose in the EU, feed large scale infrastructures and thereby lead to the emergence of innovative new business models. For innovation to succeed across the value chain, it is vital that access to the most advanced enabling technologies - such as high performance computing, data analytics and Artificial Intelligence - is extended to all levels of industry, including SMEs, start-ups and mid-caps.

This is supported by a clear demand from EU business for prioritising public investments in ICT. How well companies and economies embrace and grow from digital transformation will directly translate into the EU's ability to compete in the 21st century. To remain competitive, our economy must be geared to maximising the impact of EU research and innovation, creating new ways of doing business and helping existing industries adapt their business models.
3. Opportunities and Risks, including Trust, Security and Privacy, in a Digital Society

Digital technology has changed the way we consume goods and services. The internet has very quickly become one of the easiest ways consumers can get information about future purchases, compare prices and buy goods from anywhere in the world. In addition, recent events have given rise to concerns that fake news and on-line disinformation campaigns, through new technology, can have a real impact.

New technologies, such as augmented and virtual reality, will continue to change how consumers interact with products, or how they experience content in the future. These new technologies challenge our traditional frameworks to protect them, requiring consumer laws to be brought up to date to reflect the new digital reality, and raising important questions about what ‘ownership’ and ‘accessing content’ mean in the context of digital.

Only 22% of Internet users in the EU buy goods or services in another EU country. That is why one of the main goals of the Digital Single Market Strategy is to facilitate consumer access to goods and services, while maintaining and enforcing consumer protection. The EU must continue to offer the highest standards of consumer protection, as well as protecting people’s personal data and privacy, to embed our essential European values and build trust in the digital economy. Maintaining trust online will also rely on the media literacy of European citizens and the EU’s ability to limit the dissemination of fake news and online disinformation. According to a Eurobarometer survey published March 2018, more than 80% of EU citizens perceive fake news to be a problem for democracy, while one out of four EU citizens does not feel confident in identifying information that is false or misrepresents reality.

4. How to ensure an Online Platform Economy that benefits businesses and consumers, supported by fair taxation

In today’s world where competition is truly global, European businesses need the competitive advantage of a strong Internal Market that allows them to operate without barriers and achieve the scope and scale of world-class companies.

The new rules on portability of online content and unjustified geo-blocking are important measures to prevent digital technology from being used to create new barriers within the Internal Market.

How can businesses maximise the benefits of the Digital Single Market and operate cross-border in a fair business environment? How do we ensure an Online Platform Economy that benefits businesses and consumers, supported by fair taxation?

How companies can acquire, aggregate and interpret data to extract value from it is the key to achieving growth in the digital age. Policy makers must ensure that a level playing field is maintained, underpinned by the respect of fundamental rights, such as the protection of personal data and the right to privacy as well as core internal market principles, such as free market access and fair competition. In particular, many businesses depend on access to online platforms, transparent trading practices as well as effective ways to resolve disputes.