



Lead or Lose: Europe is at digital crossroads, telcos can make the difference

New report finds EU can be the world's new digital platform, but policy support is urgently needed

Brussels, 27 September 2017 – Europe has lost as much as €100m in telco EBIT each day to digital disruptors and telcos in other regions for the past 10 years, which has impoverished the bloc's digital economy. However, if industry and regulators embrace transformation, Europe can gain up to €4bn/day by being at the centre of the digital ecosystem, according to Accenture Strategy research conducted for ETNO.

The report “**Lead or Lose – A vision for Europe's digital future**” draws on Accenture's Strategy research as well as interviews with 13 telecom CEOs, one head of state and around 20 highly acclaimed thought-leaders in the field of telecoms, tech and policymaking. The report calls for a digital overhaul of Europe's industrial fabric and institutions supported by urgent policy action. Three cornerstones of digital value creation have the potential to steer Europe onto the path into a successful digital future– an ecosystem around the Internet of Everything (IoE), pervasive low-latency networks and institutions that are recreated in the digital world.

Benefits and risks for Europe at the digital crossroads

If Europe embraces the needed industrial and regulatory changes, this could poise the continent for digital leadership, the report finds. This includes € 4bn in digital value per day for Europe going forward, according to Accenture Strategy analysis on the aggregate value from digitalisation for the period 2015-2025. In this context, Europe can allow 11% of the EU population to complete high-quality online training courses and leverage digital solutions to reduce the EU's CO₂e emissions by 34% by 2030. On the downside, without decisive policy and industry action, Europe could face further value loss to digital disruptors in other regions and over 50% of current European jobs could be affected by digitization.

Making the difference: IoE, pervasive networks of the future and recreated institutions

In a world disrupted and dominated by tech giants, Europe urgently needs to make its mark on the economic map. The report finds that the continent can do so by leading in three strategic areas, which will generate future revenue streams and new job opportunities.

- Creating an ecosystem around the Internet of Everything, by establishing a platform-based business enriched by OTT and industry partners to enable the Internet of Everything;
- Establishing pervasive future networks, by investing in software-defined, ubiquitous, low-latency, self-provisioning, self-optimizing and self-healing networks enabled by analytics;
- Recreating institutions, by providing solutions for digital identity management, transaction security and full transparency and control over data use.

Telcos: towards the platform model

Based on interviews with 13 telecom CEOs, the report finds that a major mind-shift is in progress, with European telcos gearing up to make the most out of the three new growth areas and transforming into horizontal platform players. Innovative business models and potential new revenues streams could offer opportunities for boosting growth in the sector. Such turnaround is necessary, as telcos are currently stretching their investment capacity, with the Revenues/Capex ratio at 22% in 2015, up from the usual 18-19%. According to the report, telcos will be able to regain leadership and create value by building the three foundational capabilities and collaborating on seven industry initiatives, including: an open smart city platform, connected public buildings, digitisation of transport nodes, digital identities, an integrated health data platform, an open SME platform and a cross-industry think-tank on artificial intelligence.

Policy change is overdue

Key barriers to achieving fresh growth remain, including market fragmentation and regulatory burdens. For this reason, the report suggests three policy priorities to enable the foundational capabilities for Europe, comprising:

- Support European digital leadership to scale an ecosystem around the Internet of Everything by enabling telco cooperation, supporting pan-European collaboration and consolidation, enforcing the implementation of a unified digital single market, enabling scale for global relevance through outcome-based investments in strategic technologies;



- Multiply European investment capacity by promoting fair and equal competition across the whole digital value chain, creating a long-term perspective and investment certainty for infrastructure roll-out, and acknowledging the need for quality of service differentiation;
- Enable institutions for the digital age by creating a common authority to manage unique personal identities as trust anchors, creating institutions for secure digital transactions, making public ledgers digitally available, and creating a commonly agreed environment for the safe use of new technology such as AI.

Important barriers to achieving fresh growth remain, including market fragmentation and regulatory burdens. Thought-leaders interviewed in the report warn that some on-going EU legislative projects, such as the EU Electronic Communications Code and the ePrivacy Regulation, risk failing Europe's digital future unless fresh ambition is injected in policymaking.

Downloading the report

The full report is available at <https://etno.eu/digital2030>

About ETNO

ETNO has been the voice of Europe's telecommunication network operators since 1992 and is the principal policy group for European electronic communications network operators. Its 39 members and observers from Europe and beyond are the backbone of Europe's digital progress. ETNO members are pan-European operators that also hold new entrant positions outside their national markets. ETNO brings together the main investors in innovative and high-quality e-communications platforms and services, representing 70% of total sector investment.

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