

SPRING 2016

DIGITAL SKILLS

CREATING ECONOMIC GROWTH ACROSS EUROPE

REPORT



The event was part of our Smarter Europe pillar, which places education and skills, job creation, completing the internal market, economic growth, industrial change, innovation and digital revolution at the forefront of its agenda.

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INTRODUCTION

“In Europe, we have a long-term vision to use knowledge and innovation to drive ourselves forward. The digital revolution is not about creating virtual realities, it is about diverse companies reaching out to real global customers using digital skills,” said moderator **Tamsin Rose**, Non-Resident Fellow at Friends of Europe, at the Digital Skills conference hosted in Brussels on 24 February 2016.

The expert panel discussed how the EU can move towards digital skills acquisition and completion of the digital single market, with a focus on how to support SMEs vying to take their place in European and global markets.

“The digital revolution in Europe is not about tech companies,” said **Matt Brittin**, President for EMEA Business and Operations at Google. “It is about small businesses and entrepreneurs. They are the ones creating growth and job opportunities daily here in Europe.”

While institutional support for digital skills and a more cohesive single market in the EU are much needed, it is important that small businesses in Europe maintain flexibility to customer needs and market realities – their strength in comparison to multinationals.

“SMEs should have flexible models,” said **Tano Lopez**, Founder and Chief Executive Officer of the Spain-based Flead International Student Network, “and this needs to be mirrored in our institutional frameworks as well. We need new rules to adapt to a new reality.”

THE FUTURE IS DIGITAL – EUROPEAN COMPANIES AND THE DIGITAL REVOLUTION

“Digital companies today are micro-multinationals. Entrepreneurs can reach the whole world from a smartphone,” said Brittin. Small businesses can thus be global businesses while retaining their agility, control and direct contact with their customers.

But to digitalise Europe’s economy, it is crucial that policymakers and business leaders expand on three major opportunities: personal and professional adaptation, sectoral adaptation and supporting new occupations, noted **Maxime Cerutti**, Director of Social Affairs at BUSINESSEUROPE.

“People in Europe need to learn and adapt to the digital future,” he said. “Engineers need to understand how IT systems run and marketers need to understand e-commerce.” The soft skills necessary for running a digital business are becoming increasingly essential.

As far as sectoral adaptation is concerned, employers across all sectors need to support the shift to digital training programmes if their future and current employees are to have the right skills. “We need to improve digital education systems in Europe,” Cerutti said. “Employers must bring the needs of their companies to the training and education systems.”

Finally, he added, new technologies introduce new occupations such as cybersecurity specialists and big data analysts. As it stands, there are

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many vacant positions in digital occupations Europe-wide, which to be filled will need EU and business leaders to support digital skills learning.

In response to the digitalisation needs of SMEs in Europe, Google pledged in 2015 to train 1 million Europeans in digital skills by the end of 2016, Brittin said. After meeting this goal ahead of time through initiatives in many EU member states, the company has doubled its target, aiming now to train 2 million.

“The digital revolution is too big an opportunity for Europe to miss. Small, digital businesses can be a growth engine for the EU,” said Brittin.

EU DIGITAL SKILLS AGENDA

“Digital skills are in the DNA of our children and of future generations, and the digital revolution is already having a huge impact on various aspects of our economy and social life,” said **Tomasz Husak**, Head of Cabinet of Elzbieta Bienkowska, EU Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, when discussing digital skills in the EU.

In 2007, during a period when youth unemployment rates averaged 25% across the EU, the European Commission discovered that there were 1 million digital jobs in Europe that could not be filled by properly-trained people. Since the 2007 launch of the e-Skills Strategy for the 21st Century, as well as the Grand Coalition on Digital Jobs, the EU has brought the figure down to an estimated 800,000 jobs that will need to be filled in 2020.

“We are now at an important crossroads,” Husak said. “The Commission is preparing a new Skills Agenda and we are looking forward to working with companies to improve digital learning opportunities.”

“With nearly 90% of new jobs in the EU requiring some level of digital skills,” added **Catherine Stihler** MEP, Vice Chair of the European Parliament Committee on the Internal Market and Consumer Protection, “it is our moral responsibility to provide our citizens with this education.”

Digital education should continue to be taught from a young age, but lifelong learning for adults should not be left out. “We need to be preparing our children for a future where computer sciences are not taught in a vacuum and digital skills are integrated in education across the board,” she added.

ADVANCING THE DIGITAL SINGLE MARKET

While the teaching of digital skills is high on the agenda, Europe will be hard-pressed to achieve its goal of being the foremost innovative and knowledge-based economy in the world without advancing the Digital Single Market (DSM).

Though it has moved forward on the DSM, the Commission still has several issues to resolve, noted Husak, including geo-blocking and geo-discrimination, consumer concerns about credit card fraud and trust issues as well as more general consumer confidence issues, portability of rights regarding cross-border content access, and, from a business perspective, digital contracts that are accepted across all member states.

One key concern is the fundamental contradiction between Europe's infamously slow legislative process and the sometimes exponential growth of technology and digital knowledge, Rose added.

Husak stressed that the problem is understood by the Commission and is being addressed, adding that it is important to limit legislation to a minimum and allow existing legislation to be interpreted so businesses can grow.

"As we undergo our digital revolution and build the DSM, we will need to teach new skills but also encourage new business perspectives, with industry cooperation," he concluded. "We have a huge task ahead in the Commission but we are taking all elements into account in our strategy."

One of the greatest benefits of a functioning DSM would be the multiplier effect of a single market of 500 million European citizens, Brittin noted. One of the reasons why the first wave of globally successful tech companies came from the US is that the country has a globally relevant internal market of 300 million people. In Europe, smaller countries means smaller national markets. But a frictionless DSM providing access to 500 million consumers, would offer digitally-powered European businesses another scale to work with.

"People all over the world want the brands, products, services, content and culture that we Europeans are great at creating," he said. "We are not so far behind the US in terms of innovation and the power of our start-ups."

Noting that DSM reform could add up to 4%, or €415bn, to the EU's GDP by 2020, Brittin concluded that "we need the DSM if we want to be successful in a digital world. We need to be open, to look up, out and forward at the opportunities around us."

CONCLUSION – WHAT ARE THE BUSINESSES ASKING FOR?

In considering the future of the digital revolution in the EU, the most essential element is to give businesses and entrepreneurs the opportunity to explain their perspectives and needs to policymakers.

Some of the obstacles to growth for small European digital businesses include a fear of the unknown or an unfamiliarity with technology, unwieldy financial systems and banking regulations that make it harder for start-ups to produce operating capital, the lack of favourable tax regimes for new businesses, and a European accreditation system to provide consumers with quality recognition and protection.

But "the business world is changing in Europe," Lopez said. "The old ways of corporate hierarchies and marketing plans are past. Digital companies are horizontal and innovative and create their own opportunities. Solutions are not going to come from governments or corporations, you have to create them yourself."

"The challenge in the EU is to make young people understand that the power to succeed is in their hands," said **Maeva Bessis**, Executive Deputy Director at L'Exception, France. "In Europe, we have a fear of failure which we need to change." This can be accomplished by highlighting the global success stories of European digital companies.

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Matt Brittin, President for EMEA Business and Operations at Google



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Friends of Europe is a leading think-tank that aims to stimulate new thinking on global and European issues that span political, economic, social and environmental challenges.