



# THE COMING REVOLUTION: EUROPE'S DIGITAL TRANSITION IN A POST-COVID WORLD

SPECIAL REPORT  
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Policymakers and legislators in Brussels and across the bloc have been mapping out Europe's emergence out of the coronavirus pandemic with a series of commitments for how tomorrow's digital world should function for citizens across the continent.

From a bolstered programme for digital skills and education to increased cybersecurity standards for critical infrastructure, from a push to next-generation telecommunications infrastructure to building up the bloc's regulatory landscape for digital services and introducing competition reforms to foster the bloc's SME landscape, over the coming years, Europe's technology sector will be subjected to a profound transformation.

This special report, produced in partnership with Vodafone, analyses the current state of play for Europe's digital vision of the future in a radically transformed post-coronavirus world. It draws on the expertise of high-level politicians and policymakers, industry experts and business leaders, in order to chart the coming revolution in Europe's technological landscape.

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# Ministers to chart Europe's digital future with post-COVID19 commitments

By Samuel Stoltton | EURACTIV.com



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**O**n Tuesday (9 June), EU member states are set to sign off on a series of broad commitments to transform the bloc's digital agenda, in the aftermath of Europe's battle with the coronavirus that has once again highlighted the vital importance of digital technology.

As part of the commitments outlined in the final version of a text seen by EURACTIV, entitled Shaping Europe's Digital Future, nations on the bloc will back plans to accelerate the digital transformation as an "essential component of the EU's response to the economic crisis generated by the COVID-19 pandemic."

The text, which has gone through a series of iterations, was discussed by EU Telecoms Ministers on Friday (5 June).

The aim is to adopt it by written procedure on Tuesday, when member states will formally call on the EU to

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analyse the experiences gained from the coronavirus pandemic, "in order to draw conclusions for the future that will inform the implementation of current and future Union policies in the digital domain."

Revisions have been made to the text throughout Europe's quarantine period, during which time the increased reliance on technology has brought to light the importance of developing several key initiatives in the digital world.

Those include the broader availability of online public services, the creation of a common EU digital identity, the digital transformation of health and care, the up-skilling and re-skilling of EU citizens in digital capacities, and deploying high-capacity connectivity across rural areas.

### **MAKE THE GAINS 'PERMANENT'**

"A major share of the economy and society has shifted to digital during the pandemic," Oleg Butković, Croatian Minister for the Sea, Transport and Infrastructure, said on Friday following the meeting between EU telecoms ministers chaired by Croatia.

"We agreed today that we should not let this opportunity pass but make these gains permanent through increased efforts on the digitalisation of businesses and public services as well as the security and capacity of our networks," he said.

Ministers also highlighted the "necessity of further investment, especially in order to overcome the digital gap that still exists, which can have a limiting effect on access to e-health and long-distance learning and working."

On the last point, recent figures published by Eurostat revealed that in 2019, approximately 5.4% of employed persons in the EU, aged 15-64, usually

worked from home.

This percentage is almost certain to increase in the long-term future, according to Eurofound, the EU agency for the Improvement of Living and Working Conditions, who say that due to the changes imposed on working customs as a result of the pandemic, "it is likely that rates of telework in Europe, and as a result employer/employee relationships, will be changed permanently."

### **LEAVE NO-ONE BEHIND**

However, in order for such predictions to become a reality, Europe should take note of the areas across the bloc which were exposed for a lack of digital infrastructure during the coronavirus outbreak, believes S&D MEP Brando Benifei.

"I believe that these months of lockdown will play out as an accelerator to the transition to a more digital European economy," Benifei told EURACTIV.

"Nevertheless, we are witnessing first-hand how the lack of digital infrastructures excludes many European citizens from accessing services, education and job opportunities, deepening the social and economic inequalities that already existed."

"This highlights the need to rebuild an economy that is not only made future-proof with a consistent digitalisation but that also doesn't leave anyone behind in the process."

For Benifei, the up-skilling of EU citizens in the fundamentals of digital literacy also serves a public purpose in extending the access to key services across communities more broadly.

"Nowadays a minimum level of digital literacy is becoming essential to function as an active member of our societies," he said.

Moreover, the mobility of workers in the EU's single market requires more and more dependence on such digital skills, Benifei believes, the

EU's digital transition across many different sectors having a sweeping impact on the future skills required in the workplace.

"We should therefore focus to re-skill workers in the economic sectors that will mostly suffer from the incoming technological changes so that they will be able to shift towards the expanding digital sectors," he said.

### **RECOVERY AND RESILIENCE**

On this point, member states will adopt an unambiguous stance on Tuesday, calling on the EU to "put in place all the necessary measures to re-skill and up-skill the workforce for the digital age, diversify the workforce and attract highly skilled ICT and technology specialists, including Europeans who have migrated, while also adapting digital workplaces for workers and providing reliable and fast internet connections to schools in order to promote the use of digital educational resources."

Along this axis, the Commission plans to present a revised Digital Education Action Plan in the autumn and updated skills agenda in Q3, which could well benefit from the Commission's recently revised long-term budget, as well as a recovery package designed to ensure Europe's stable emergence from the economic setback imposed by the coronavirus crisis.

Indeed, Digital Europe, the EU's funding framework for digital capacity building, is set to be in for an outlay of €8.2 billion as part of the new budget proposal, an increase of €1.5 billion after the European Council had marked it down in February.

During a recent online event with Brussels legislators, Anthony Whelan, the digital adviser to President Ursula von der Leyen, noted that the intention behind this increase in resources was

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to “reverse the cuts in the draft MFF that were being discussed in February, to which we then added a whole range of draft budgetary instruments, one of which is advanced skills.”

“The whole idea is to learn from the crisis how we can improve our approach to the development of various digital skills,” Whelan added, noting also that the €750 billion recovery fund put forward by the Commission could also go towards areas including connectivity and up-skilling, although this will ultimately be determined by member states themselves.

If the conclusions to be adopted by EU member states are anything to go by, Europe’s digital infrastructure over the next few years will be in for a far-reaching transformation, in parallel

with a series of political commitments concerning the digitisation of public services and health care, the up-skilling of citizens, and bridging Europe’s connectivity divides.

In this regard, the digital policy agenda of the EU has no doubt been bolstered as a result of the public health crisis.

In its wake, it leaves a new benchmark for the future growth and acceleration of key technologies that have become so useful to those who have had access to them, while also exposing the nations who have not had the means to employ these tools of resilience.

In a recent interview with EURACTIV, the Commission’s Vice-President for Digital, Margarethe Vestager, noted how the crisis has given the bloc new digital standards to aim for in the future.

“Amid this crisis, we have had a full-scale crash test of everything digital,” she said. “Digital learning, digital working, digital socialising, everything, and obviously e-commerce has increased substantially.”

“Now we have a new baseline. Now, let’s make the most of that. Because now we all know much more about how different tools work.”

# Connecting Europe's forgotten regions

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By Samuel Stoltton | EURACTIV.com



[ Shutterstock / Cienpies Design ]

**E**U member states will renew their commitment to bridging the gap across Europe's connectivity divides on Tuesday (9 June), as certain territories on the continent continue to be isolated from more developed parts of the bloc.

However, previous EU attempts to bridge such connectivity gaps have hit a series of obstacles as part of the coronavirus crisis in Europe, including delays to 5G spectrum auctions in countries including Spain, Austria, Portugal, and the Czech Republic.

This led the EU's digital czar, Margrethe Vestager to put pressure on EU telecoms ministers in May, telling them to "limit as much as possible" any delays to their 5G spectrum

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assignments.

On Tuesday, as part of an agreement on new Council conclusions on the bloc's digital future, the "need for fast and ubiquitous connectivity" will be cited as an area which has provided resilience to more modernised areas of Europe, while at the same time exposing the digital shortfalls in less developed areas.

In order to gain a broader picture of the issue at hand here, the European Commission aims to analyse the technological clout of member states with the publication of its 2020 Digital Economy and Society Index, due for publication before the end of June.

The 'Connectivity' banner of the 2019 edition analysed the demand and the supply side of fixed and mobile broadband – assessing the availability as well as the take-up of basic, fast, and ultrafast broadband. Mobile broadband examination included the availability of 4G in member states, as well as a 5G 'readiness index.'

As part of the assessment on fixed broadband, the Netherlands and Luxembourg are the best performing EU member states, while Greece, Poland and Croatia all fall towards the bottom. For mobile broadband, meanwhile, Finland, Denmark, Latvia and Italy all perform well, while Romania and Hungary came in with the lowest scores.

The 2020 edition of the index

is likely to reveal widening gaps in Europe's connectivity, as some of the more advanced nations begin to pull away from those unable to build up their next-generation telecommunications infrastructure.

This week, Finland, with its reputable standing in technological development, has made gains on lesser developed member states, after the country's Ministry of Transport and Communications announced the granting of 5G licences, while Nokia announced a surge in demand for their broadband services amid the uptake in digital tools during the coronavirus lockdown period.

While some EU member states storm ahead with the deployment of next-generation connectivity, it is Europe's rural areas that are likely to suffer the most. The 2019 DESI index revealed that 13% of rural homes are not covered by any fixed network and 48% by any 'fast' broadband connections. And while mobile broadband has slightly increased across rural areas, it is still widely regarded as a 'complementary' technology rather than a like-for-like substitute.

This is a political issue; a lack of connectivity across such areas results in a lack of jobs, industrial development, less advanced public services, and lower importance of digital skills and education.

As part of the 2019 DESI report on digital inclusion and skills in

Europe, the lowest ranking country overall was Bulgaria. 25% of the country's workforce has no digital skills whatsoever, while 51% of the population have no software-related skills and 47% of internet users used computers or computerised equipment at work.

And for some in Brussels, ensuring that such lesser developed regions of Europe do not miss out on the digital transition is vital.

Prominent Bulgarian EPP MEP Eva Maydell believes this needs to change. She is co-founder of Education Bulgaria 2030, a platform that aims to analyse and respond to the challenges the education system faces in the country.

"The latest project we are involved in is with the Ministry of Education, on developing Science, technology, engineering, and mathematics (STEM) environment at schools," she told EURACTIV.

"We see a great interest from teachers and headmasters to get on board and be active, because they saw just how easy it is to implement remote online learning."

Maydell also believes that the wider benefits of the EU single market, such as the freedom to live and work in any member state, are dependent on the uptake of digital solutions at an equal rate across the continent.

"Bridging the digital divide for

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me means making sure that every company or organisation has access to digital solutions and can participate in the digital economy," she said.

"The broader benefit of this would be to empower Europeans to work and live wherever they want and that citizens will not have to leave their hometowns due to lack of opportunities," she continued, adding that the coronavirus lockdown period has demonstrated that many businesses are agile enough to run their firms remotely, "if they have the right infrastructure, processes and skills."

In order to make these gains and ensure a more digitally connected Europe, EURACTIV has recently learnt that the executive aims to launch a review of its state aid policy with regards to the public financing of broadband networks across EU member states, resulting in a relaxing of the 2013 Broadband Guidelines, which could allow for more public investment into high capacity networks.

The 2013 guidelines currently apply strict conditions to the public funding of broadband networks, in order to foster a competition-friendly environment. The Commission is currently preparing the groundwork for a public consultation and a study on the guidelines.

Moreover, the Commission's

digital strategy communication, adopted in February this year, also notes the importance of updating the Broadband Cost Reduction Directive, which aims to make broadband network deployment more cost-efficient.

And in the European Council's Shaping Europe's Digital Future paper set to be adopted this week, EU member states renew calls for the EU "to reduce the costs of network deployment and facilitate the roll-out of very high capacity infrastructures," as well as support "emerging network deployment needs by the end of 2021, including the Broadband Cost Reduction Directive."

On the revision of the broadband guidelines, member states want the Commission to introduce more flexibility "as soon as possible, in order to facilitate the necessary public financing, including for the deployment of very high capacity connectivity in rural and remote areas."

On 5G, EU member states continue to follow divergent paths towards Commission objectives of launching 5G services in all EU member states by the end of 2020 and a 'rapid build-up' that will ensure "uninterrupted 5G coverage in urban areas and along main transport paths by 2025," as outlined in the 2016 5G Action Plan for Europe.

In this context, EU ministers want a new Action Plan for 5G and 6G,

"supported with adequate financing measures, based on funds both from the Multi-annual Financial Framework and the EU recovery fund," which will take into account the delays in deployment across certain member states.

The €750 billion recovery fund recently put forward by the Commission will ultimately be at the behest of EU member states themselves, but the Commission has previously suggested 'connectivity' could be a 'major winner' in the new outlay.

So, while the bloc continues to wrestle with how best to chart its path out from the coronavirus outbreak, 'connectivity' is widely being touted as an area that could bring multiple benefits to many of Europe's less developed regions, and could be an opportunity for them to finally mobilise resources to accelerate themselves into Europe's digital transition.

"This is empowerment and an advantage," MEP Maydell told EURACTIV. "Now, it is our chance to bridge the digital divide and avoid intensifying further the division lines between front runners and laggards or core members and the periphery across Europe."

## INTERVIEW

# MEP: Europe's digital education strategy is key to future recovery

By Samuel Stoltz | EURACTIV.com



**A**s part of the European Commission's recently revised long-term budget proposal, an increased outlay could go towards the digital up-skilling and re-skilling of citizens. EURACTIV caught up with MEP Victor Negrescu to talk about why this issue has risen to the top of the EU agenda.

Victor Negrescu is a Romanian MEP affiliated to the Socialists and Democrats (S&D) group in the European Parliament. He has recently been appointed rapporteur for the Culture Committee's report on the EU digital education strategy.

**For many of us, digital tools have allowed to maintain a sense of normality during the lockdown by allowing to keep contact with colleagues and loved ones. How do you reflect on Europe's resilience during the outbreak?**

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Luckily, Europe has had access to a certain level of digital infrastructure which has enabled societies not only to continue many work activities, but also to maintain a significant degree of social interaction, compensating, at least partially, the effects of mandatory social isolation.

Unfortunately, this infrastructure is not available equally across Europe, so we need to invest more in access to broadband, 5G connections, robotization but also in the digitalization of our public administrations.

This same period has highlighted several prominent problems that our societies will continue to face, irrespective of the digital transition.

First of all, not all jobs and activities can be performed online. Additionally, in many instances, these jobs are precarious, and staff are overworked and underpaid. Also, some sectors of our societies, such as education and healthcare, can undoubtedly benefit from a better digital infrastructure, while some activities will not be able to move online entirely – at least for the foreseeable future. And these are the sectors that have suffered, in many countries, from staff reductions, budget cuts and austerity over the past decades.

**You've recently been appointed Parliament Rapporteur on the EU digital education strategy, which the Commission will be presenting in Q3. What are your priorities for the report?**

The European Union's digital education strategy is one of our most prominent instruments in addressing many of the challenges brought forward by this intense period. The digital transition risks exacerbating inequalities already present in our systems, but at the same time digital education is a huge tool for modernisation.

We in the S&D Group have very clear priorities in this area.

- Firstly, we believe we must work more together, in creating a true common European Education Area, which would allow for more equal development across countries and regions, sharing resources and best practices, but also very concrete benefits, such as faster EU-wide diploma recognition.
- Secondly, we support the creation of instruments to develop digital competencies across generations.
- And thirdly, we firmly believe in supporting the educational process through more resources, by increasing the funding of education both at EU and at national level. We consider that education should be mainstreamed across all EU policy fields, and digital education plays a special role in this.

My report will ask for clear funding for the digitalisation of education at the EU level and will emphasise the concept of parents, students and teachers as co-creators of the digital educational process, which must be harmonised and coordinated with the classic education process.

**We're also expecting the Commission to present an update to the skills agenda in Q3. Do you think the coronavirus pandemic has taught us anything about the specific skills that the executive should prioritise in terms of Europe's future growth?**

Half of the current workforce will need to update their skills within the next five years – this was highlighted in a recent Commission document. Needless to say, the digital and green transition will pose additional challenges from this point of view.

The big challenge is matching qualifications with actual labour

market needs. The current Skills Agenda mentions a concept which sounds pretentious, but describes a real necessity – "skills intelligence", that is understanding the current trends in demands for jobs and skills. There are skills shortages in many economic sectors, both traditional (like construction) and new, and we need to build cooperation networks to address them – including education institutions, companies, trade unions.

These networks are currently not developed or functional enough, and I hope the adjusted agenda proposes solutions for that. The documents released by the Commission on their proposal for a recovery plan show that the needs for investments in social infrastructure at EU level have raised by 60% while in education and lifelong learning alone we speak additionally about more than 15 billion euro per year.

Of course, an obvious skills-related necessity, emphasised by the COVID-19 crisis, is developing digital competencies widely and across all age groups, as there are huge discrepancies between EU regions in this respect.

We are asking for support from the EU budget to national initiatives on digital education, training, up-skilling and re-skilling of workers, as well as for enshrining media and digital literacy on all educational levels – this is a problem for all generations and, especially in times of crises, it becomes critical. Digital skills are needed in many fields and occupations now, in farming as well as in business start-ups, in healthcare as well as in e-government or cultural heritage protection.

**How does the landscape vary across Europe in terms of the digital skills of citizens? Do we see large variances across member states?**

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The level of individuals' digital skills varies greatly across the EU. The latest average for EU-27, according to Eurostat data from 2019, is 56%, but in the Netherlands it's 79%, while in Bulgaria it's 29%. And it's not only about skills, but also the access to digital equipment and infrastructure which can help greatly with the acquisition of skills: in Sweden, almost all students have access to highly digitally equipped and connected schools, while in Romania their percentage is below 20.

***How bad is Europe's digital divide? Are the differences seen not only across member states but also across genders, ages, social classes and ethnicities?***

We know for example that digital skills are lower for EU citizens living in rural areas (48%), compared to people living in cities (where the figure rises to 62%) – according to 2019 data. This is an average, but in certain countries the gap between these categories is much wider.

We do need more data regarding the main variables influencing the digital divide, and a closer look at its relation with income levels. We do have a somewhat clearer picture regarding gender. The Commission's "Women in the digital age" 2018 study emphasised that only 24 out of every 1000 female tertiary graduates had an ICT related subject and only six went on to work in the digital sector.

All in all, if we are looking to boost up Europe's ICT capabilities and development, we need to do that in a manner that does not enhance or reproduce the inequality and exclusion patterns our societies try to overcome.

***You've also recently developed an educational tablet for use in schools. What was the motivation behind this, and what are the broader objectives for this technology?***

The idea behind setting-up this campaign starts from this reality, that moving education in the digital sphere enhances systemic inequalities. Quite simply put, a high proportion of children in my country do not have the devices or internet access needed to attend school online – many teachers are also in the same situation, which meant that during the school closures, they were (and still are) cut off from the educational process.

Alongside several partners from the tech and NGO sphere, we tried to help, and developed the first Romanian educational tablet, which is being made available, through a social program, to children coming from underprivileged backgrounds.

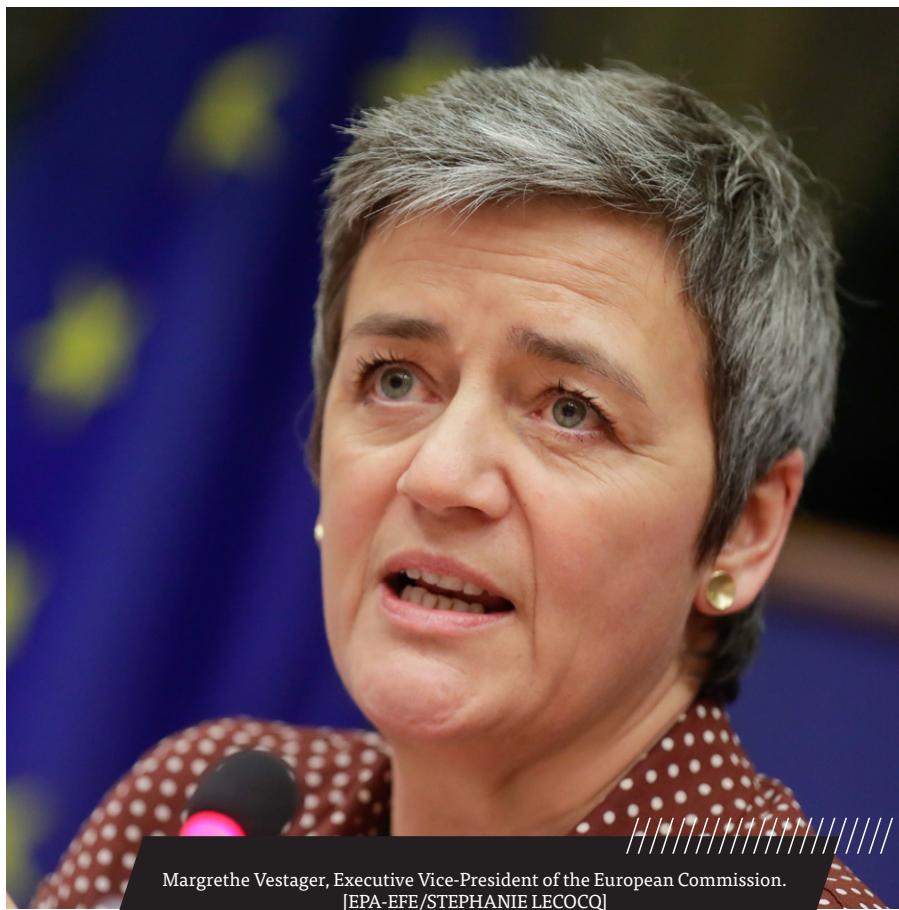
However, the systemic problems need a strong Europeans response. We cannot talk about developing digital skills when a large part of European children does not have access to digital education. One of the solutions resides in implementing faster the European Children Guarantee,

ensuring full access to all European children to education and healthcare, but again in the Commission proposal for the future we do not see any clear commitments, just a possibility to have it somewhere starting 2021. If we remain behind the pay wall, then we are in fact institutionalising inequality.

It is for this reason that I called for the creation of EU-wide digital education instruments, such as a truly European educational digital platform, created by pooling together resources, capable of supporting the national education systems. I believe that allocating more resources for education is one of the main paths towards preparing the next EU Generation for the future.

# Commission charts new competition tool 'fit for the digital age'

By Samuel Stoltton | EURACTIV.com



Margrethe Vestager, Executive Vice-President of the European Commission.  
[EPA-EFE/STEPHANIE LECOCQ]

**A**new competition tool 'fit for the digital age' is set to be unveiled by the European Commission before the end of this year, which has prompted stakeholders to begin analysing the wider impact that it could have on fostering competition across the EU's market economies.

The move would see an extension of the Commission's competition capacities defined within the current antitrust framework, the legal basis for which is Articles 101 and 102 of the treaty of the EU.

Article 101 prohibits agreements between firms which stifle competition in the EU. Article 102 is designed to address the abuse of dominant market position within the internal market, honing in on practices such as unfair trading terms, limits to production at the disadvantage of consumers, and inconsistent conditions applied by certain firms for different clients.

The current rules have led to billions in antitrust fines being slapped on some of the world's largest companies in recent years, including

Google, Intel, Qualcomm and Microsoft.

Nevertheless, at the start of her mandate in November 2019, Vice-President Margrethe Vestager was tasked by President Ursula von der Leyen with reevaluating the EU's competition policy framework, making it "fit for the digital age".

## A 'MARKET OPTIMISATION TOOL'

In this regard, the Commission now recognises that there are gaps within the current framework and a new tool is required to facilitate "timely and effective intervention against structural competition problems across markets", as stated by an inception impact assessment recently published by the EU executive.

In this vein, Nicolas Petit, Joint Chair in Competition Law at the European University Institute and the Robert Schuman Center for Advanced Studies, recognises the plans as improving the conditions of markets, rather than penalising specific anticompetitive practice.

"The point is to create a market optimisation tool, to solve competition problems that currently fall through the cracks of Treaty provisions. Existing rules catch bad conduct, understood as business behaviour with anticompetitive purpose or effects," he told EURACTIV.

"The Commission seems to believe

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that some markets display structural problems, short of bad business conduct. The point is to allow the Commission to intervene in order to improve market competition, not to remove bad business behaviour," Petit said.

He added that the goal of the executive in this regard is to act "below the threshold required for standard competition infringements, and below the radar of strict judicial review."

### 'MARKET TIPPING'

Along this axis, the new tool will be designed to mitigate structural risks in markets as well as intervene in situations whereby a market is close to 'tipping.'

In competition terminology, market tipping refers to the situation where one company obtains high monopoly profits and market share, creating an anti-competitive environment for other firms.

The Commission envisages that the tool would impose structural remedies to competition imbalances, but will not rule on infringements or establish fines.

Furthermore, 'speed' in responding to markets nearing such conditions would be another function of the tool, and such an aspect would be a welcome addition to the EU's competition policy framework, believes S&D MEP Carmen Avram, shadow rapporteur on the Parliament's annual competition report.

"The main objective for the new competition tool is to be able to deal more effectively and faster with digital antitrust and merger cases in particular," she told EURACTIV.

"As we have seen with the Google shopping antitrust case, the case started over 10 years ago and we are still waiting for the end of the case, in the meantime fair competition, self-referencing or non-discrimination in

search results are still non-resolved issues with many competitors that doesn't exit any longer."

The first task at hand for policy experts within DG COMP will be to define the criteria for what constitutes a 'tipping market,' a specific area in which bureaucrats are currently investing a lot of time, EURACTIV understands.

Nicolas Petit said it would be "very hard to say" what would entail a fair definition of a tipping market, adding that "for instance, is the videoconferencing market prone to 'market tipping'? No one can really say today."

"We forget that we often talk of market tipping with the benefit of hindsight. That's why a more promising target for the tool is to focus the tool towards markets that have tipped to one or a small firms, like perhaps app stores," Petit, who is soon publishing a book entitled Big Tech and the Digital Economy, added.

"In this sense, a tipped market can be defined as one in which a product, firm or standard has won the game, uncertainty has disappeared, and there is a lot of inertia meaning little entrepreneurial effort, investment and innovation," he said.

### DIGITAL SECTOR

While publicly DG COMP is pitching the new tool as a general purpose instrument, its application is likely to be most evident across the platform economy – digital markets harbouring many of the characteristics such as 'extreme economies of scale and scope, strong network effects, zero pricing and data dependency' that the Commission would like to address.

For MEP Carmen Avram, minds should be focused on the structural problems to the digital sector in particular, and she would like to seek complementarity between the new competition tool and the upcoming Digital Services Act.

Vice-President Vestager noted in May that the tool would feature prominently in the EU's package of reforms which will attempt to regulate the online ecosystem.

"We should focus on the digital sector and the new competition rule should be directly linked to the Digital Services Act (DSA) ex-ante general ground rules where basic principles are given to the platforms," Avram, who has regularly pressed the Commission for answers on dominant platform abuse, told EURACTIV.

"In particular the systemic platforms in instances where you cannot self-preference your own services over the services of competitors and where you cannot prevent the consumer from switching or choosing another service or competing app."

"Greater transparency and control should also be given to the consumers over their choice over their data and data portability," she added.

Consultations on the tool were launched at the beginning of June, and are open until 8 September.

Competition policy is an area of the Commission's DSA initiatives in which tech giants are said to be most concerned about the EU's future direction.

While President von der Leyen made it a priority at the beginning of her term to achieve European digital sovereignty, the functioning of the new competition tool could go a long way toward rebalancing markets that are currently dominated by firms that suppress the growth of European players in the digital ecosystem.

## PROMOTED CONTENT / OPINION

*DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV Media network.*

# How a truly digital approach can accelerate the post-Covid economic recovery

By Nick Read | Vodafone



Nick Read, CEO of Vodafone.  
[Vodafone]

**W**hen I presented our annual results last month, I spoke about the speed of our business continuity planning amid the Covid pandemic. This allowed us to focus on a comprehensive 5-point plan to support our customers and society in this crisis.

*Nick Read is the Chief Executive Officer of the Vodafone Group.*

To care for our employees, we moved 95% of Vodafone's workforce from the office to home. For our customers, eHealth, eLearning, and remote working were deployed at scale. We helped governments and health authorities reach out to citizens with essential information and services. To respond to a near 50% spike in traffic, we expedited network investments.

In a matter of days and weeks, we implemented significant changes which, in other circumstances, would likely have taken months. We also made donations and provided benefits in kind valued at €100m.

We all hope that the pandemic's worst is now behind us. But even if this is the case, the crisis is far from over. The European Commission's economic forecast augurs significant challenges ahead, with real GDP declining 7.4% in the EU this year and unemployment approaching 10%. The everyday struggles to make ends meet for European families and businesses must be a concern to us all. In Africa, another key region for Vodafone, over 20 million people will be pushed into extreme poverty.

The shadow of COVID is likely to be long, and, along the way, it has exposed vulnerabilities in society, business, and governments that are imperative to tackle.

Bold action is required, drawing upon the hard-earned learnings from this crisis.

The EU recovery plan announced recently is a good start. When the Commission President Ursula von der

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Leyen launched the plan, she said:

*"The recovery plan turns the immense challenge we face into an opportunity, not only by supporting the recovery but also by investing in our future: the European Green Deal and digitalisation will boost jobs and growth, the resilience of our societies and the health of our environment."*

These are sentiments I fully embrace. Our collective ability to recover from challenges and difficulties—resilience—will also require strong leadership by the EU institutions and governments. We must rebuild our societies and economies to be more resilient, more sustainable, more digital, and more inclusive.

Accelerated digitisation must play a central role, recognising the essential lifeline that digital infrastructure, services and tools have played for the vast majority of European citizens and businesses during the health crisis. Also, when the U.S. and China are increasing their investments in digitisation, it is essential that Europe does the same. We need the strength of a modern, competitive Europe on the global stage. Specifically, based on the scars Covid19 has left on the face of society, I believe that there are four key elements we must focus on now:

**First**, we must acknowledge that this crisis touches us all very differently. Far too many of our fellow citizens are left behind, and their low—or sometimes non-existent—level of digitisation is an unseen dividing line. Resilience is important but it must benefit everyone. During the lockdowns, many EU children have endured without education for lack of basic Internet. Approximately 10% of the 8.2m students forced to do their classwork from home in Spain do not have access to the right technology, El País reported, often due to high

hardware costs.

The task ahead is clear: No matter where they live and their income levels, citizens must have the digital access and tools, as well as literacy, to be successful in a digital world.

**Second**, businesses must recognise a new reality: diminished physical interaction with customers or employees. E-commerce will be even more virtual. Small and Medium Sized Enterprises (SMEs) are the EU's economic growth engine, yet these businesses, which employ about two-thirds of the EU workforce, must be able to function digitally to be able to flourish in the future.

Poor levels of digitisation means limited ability to adapt and, especially for SMEs, this can jeopardise their survival. In Italy, there are early examples of attempts to overcome this, for example a proposed SME digitalisation voucher scheme. We now look to the EU's recovery plan to codify and expand such schemes for companies of all sizes throughout the EU.

**Third**, we need to accelerate the provisioning of critical government services through digital means. While e-government have been on the agenda for a long time, COVID19 has revealed both its potential and the remaining gaps.

Governments also need to deepen their ability to understand and make use of mobility data insights— anonymised and aggregated—to steer policy interventions, finding new and better ways to partner with businesses that already have the relevant big data capabilities. Our own experience of closely collaborating with authorities in Spain and Italy shows that it is possible to forge such partnerships.

**Finally**, it is long overdue to bridge the perpetual digital infrastructure investment gap which, in its recovery plan, the Commission has estimated to be €42bn annually.

Mobilising private investment remains important. But the real

game-changer will only happen by governments adopting a new comprehensive approach. There is a need to address scale: the 640m European mobile connections are dispersed among approximately 40 or more operators; in China there are three operators for 1.3bn connections, whereas in the U.S. there are 400m connections across the four – and soon to be three – main operators.

It is high time to face up to policy choices driving the poor returns on digital investments in Europe. Governments must put an end to extractive spectrum auctions, promote sustainable competition without artificial interventions in the market, as well as leverage subsidies and in other ways actively support more efficient ways of deploying networks.

With the pandemic hopefully nearing its end, the European Union will need to get serious on charting a new course to enhance its digital infrastructure and accelerate the digitisation of all citizens, businesses and key government services—for the benefit of society, its resilience and its future competitiveness.

We must act fast and be bold. We did so during the peak of the health crisis. We are able to do it again to overcome the economic crisis. As Vodafone, a European company operating networks in 24 countries around the world with 75% of our revenue in Europe, we are ready to play our part.



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