



3 JUNE 2020

# Post-COVID recovery plan for a stronger digital Europe



## Executive summary

The COVID-19 crisis has demonstrated the central role of digital technologies in our economy and daily lives, and the urgency with which we need to accelerate Europe's digital transformation. Many in Europe have made a major "digital leap" during this crisis, but we need to ensure that others are not left behind. We also know that spending on digital offers large returns on investment and this must be a central component of our recovery.

Europe must invest in a 'digital-first' stimulus package and a Multiannual Financial Framework programme (MFF) with a focus on making the EU more competitive, sustainable, and resilient to future crises.

### We recommend to:

- » **Urgently reach an agreement on the EU budget and COVID-19 recovery plan and significantly increase the share of digital spending.** Aside from the dedicated digital funds, spending should be earmarked for digital from other programmes. For example, we should boost the share of regional development funds spent on digital from the current 3% to 8%. We should first focus on the resilience and readiness of the public sector – in particular, healthcare and education. This also means urgent investment in pan-European high-speed connectivity and an accelerated roll-out of fibre and 5G infrastructure. Liquidity is also sorely needed for upskilling and supporting digital investments for SMEs. In the medium and long term, investment in ICT and digitalisation will pay dividends in sectors such as agriculture, manufacturing,<sup>1</sup> and finance.

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<sup>1</sup> <https://www.digitaleurope.org/resources/how-to-relaunch-manufacturing-in-a-post-covid-19-world/>

- » **Increase the funding for long-term competitiveness in the revised MFF.**  
The EU needs to increase overall funding on R&D from 2% to 3% of EU GDP. Funding should focus on better integration between European and national R&D activities as well as SMEs to break the silos between sectors.
- » **Consolidate the digital advances made during the crisis; no more business as usual.** The “digital leap” many citizens and businesses have experienced in recent weeks shows how much can be achieved remotely. Policymakers should grasp this opportunity to accelerate the adoption and development of AI, cybersecurity, 5G and other technologies. We must harness this progress on digitalisation to create jobs, boost the recovery and achieve the goals of the European Green Deal.

## The action needed

Based on the above, DIGITALEUROPE calls on European policymakers to take concrete action in the following priority areas.

### Connectivity

The crisis has demonstrated the value of fixed and mobile networks as the backbone of our society and underlined the urgent need to invest in and speed up the deployment of ubiquitous secure and high-quality connectivity to spur the digital transformation further. Given the unprecedented transition to mass home working, living and leisure, the quality of connectivity will be more critical than ever – both for business survival, as an enabler for strategic digital technologies like AI and IoT, and for growth opportunities for firms so they can come out of the crisis stronger.

The EU and Member States need to increase funding for available and affordable high-quality network infrastructure, such as 5G, in areas where the market conditions are such that private investments will not be able to deliver such networks on their own. They should do so using both central managed EU funds under Connecting Europe Facility 2.0, whose funding should as a minimum be maintained and ideally increased as well as decentral managed funds, particularly regional development funds.

Member States should also offer funding opportunities, for example, through a voucher scheme to support low-income families who cannot afford a high-speed broadband connection. This voucher scheme can be a digital parallel to similar measures in many countries for access to utilities like water, heating and electricity.

5G connectivity remains one of the fundamental blocks for Europe’s digital future and to the Union’s continuous efforts to recover post-COVID. Therefore, Member

States should be encouraged to award 5G spectrum frequencies by the end of 2020 (under predictable and investment-conducive conditions) to secure a timely deployment of high-capacity network infrastructure all over Europe.

### Remote work

The Member States should set up a voucher system, as well as lowering VAT rates in order to guarantee that much-needed technology investments are not postponed. Many companies are struggling to stay afloat while paying employees and repaying loans. A voucher system should have a simple online registration scheme and its support be conditional on beneficiaries' adherence to standards for environmental and social sustainability. It should focus on:

- » upgrading obsolete equipment
- » upskilling the workforce with immediately-needed digital skills to allow remote asset control, production monitoring and virtual collaboration between employees.

### Education

With technology, formal learning is no longer limited by walls, location, or time. The traditional classroom has constraints, particularly during emergencies, and new education models are proving successful. However, they are also exposing some gaps and areas where improvements are still needed. We should invest in secure technologies to accelerate the development of new hybrid learning models mixing in-person and remote learning.

Furthermore, we recommend the development of relevant digital curricula including the basics of programming, as well as the development and implementation of digital methodologies and specialised digital content.<sup>2</sup> An extensive investment programme is urgently needed in the EU to provide targeted digital-upskilling of teachers across schools and universities. Upskilling should target both online and blended teaching and also include coding and cybersecurity skills.

### Mainstream digital for green transition

Policymakers should mainstream digital in public investments, such as in cities and infrastructure, to support innovation and the transition to a more sustainable economy. This should be a key goal of regional development funds. For instance,

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<sup>2</sup> <https://www.digitaleurope.org/resources/accelerating-education-transformation-through-technology/>

investments from public authorities in transport and city infrastructures to boost jobs and the local economy should also be ‘smart’, meaning digitalised. This would reduce congestion and pollution and improve productivity and quality of life for residents and those working in the city. Equally, governments should ensure that sector-specific support, for example in agriculture, is targeted at enabling such sectors to reduce their environmental footprint and transition to more sustainable business models.

Such investments could include:

- ▶ Funding for the energy efficiency of public buildings and the digitisation of the construction and building equipment sectors to capitalise on the advantages building automation can create.
- ▶ Smart city initiatives for technological ecosystems where to collect traffic, noise, air quality, energy consumption and movement data (relevant for COVID response). They will lead to informed, sustainable decisions by authorities.
- ▶ Encouraging remote services for all installed infrastructure as an alternative to exclusively in-person services.

The EU should also develop a list of “Recovery Projects of Common Interest” entailing new and existing high-priority projects in Europe that would benefit from fast approval procedures, simplified export financing and export credit insurance access. Examples could include investments in cybersecurity, emerging technologies, artificial intelligence, health, mobility, buildings and energy.

### Focus on SMEs

SMEs in Europe should benefit from all instruments that are foreseen and being enhanced for start-ups. The immediate priority should be digitalisation programmes through the release of direct EU funds or rapid redeployment by the Member States.

Other urgent action could include:

- ▶ Setting up a European information exchange tool on available financial support for SMEs. A European information exchange tool on the available financial support would drastically help SMEs to spend less time searching for information, but instead actually using their available resources. Such a tool should be flanked by an immediate awareness campaign and enable the sharing of best practices across Member States and European regions.
- ▶ Creating a multi-billion euro fund for Member States focused on small, medium and micro enterprises, (including the self-employed).

- ▶ Tax incentives and grants of up to 10 thousand euros for SMEs to digitalize. This could include extra incentives for those who encourage employees to develop a home office, enable online and remote working.
- ▶ National training programmes and public-private partnerships to boost digital skills training for SMEs.
- ▶ Creating tenders tailored to SMEs to deliver digital services and solutions.
- ▶ Promote the use of e-signature to ensure that all businesses, both large and small, can avoid disruptions and can continue to operate digitally even in times of crises.

## Healthcare

Technology is playing a central role in improving access to vital healthcare services, particularly during the COVID-19 pandemic. However, major investments are needed to better facilitate remote access to health and social care. This applies both to addressing challenges directly related to the COVID-19 emergency but equally to address pre-existing challenges and to create new and expanded opportunities. For instance, in healthcare to address the shortage of doctors in rural areas.

In addition to funding, much more can be done to benefit from the untapped resources we already have in Europe's healthcare sector. 80% of health data remains unstructured and unused.<sup>3</sup> We need decisive EU action to harmonise conditions for health-data processing across Member States. This is also fundamental prerequisite to creating a Common European Health Data Space. COVID-19 has made even clearer the need to improve access to health data for scientific research, as the current framework is still fragmented and subject to various rules and interpretations in the EU.

Restrictions to cross border health data reduce the effectiveness of contact tracing solutions that could help mitigate the spread of the virus. COVID-19 does not respect national borders. We need a solution that works across our continent whilst protecting our citizens' privacy. Europe must act as one. We call on the European Commission to accelerate the development and usage of contact tracing solutions and promote DIGITALEUROPE's key principles.<sup>4</sup>

Finally, more effort is needed to bring medical devices using AI applications to market faster. We must also resist adding unnecessary regulations on the use of

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<sup>3</sup> <https://www.digitaleurope.org/resources/digitaleurope-recommendations-on-health-data-processing/>

<sup>4</sup> <https://www.digitaleurope.org/resources/europe-needs-a-unified-approach-to-covid-19-digital-contact-tracing/>

AI in healthcare solutions. Both the Medical Devices Regulation and the Product Liability Directive contain well-defined classifications based on the potential risk of harm posed by the device, general safety and performance requirements for medical devices, as well as liability provisions.<sup>5</sup>

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<sup>5</sup> <https://www.digitaleurope.org/resources/harnessing-the-power-of-ai-in-health-applications/>

## About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

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