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WORKING PAPER

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WORKING DOCUMENT

From:	Bitkom
To:	Working Party on Competitiveness and Growth (Better Regulation)
Subject:	Presentation by Bitkom: Governance for a digital Europe



Governance for a digital Europe

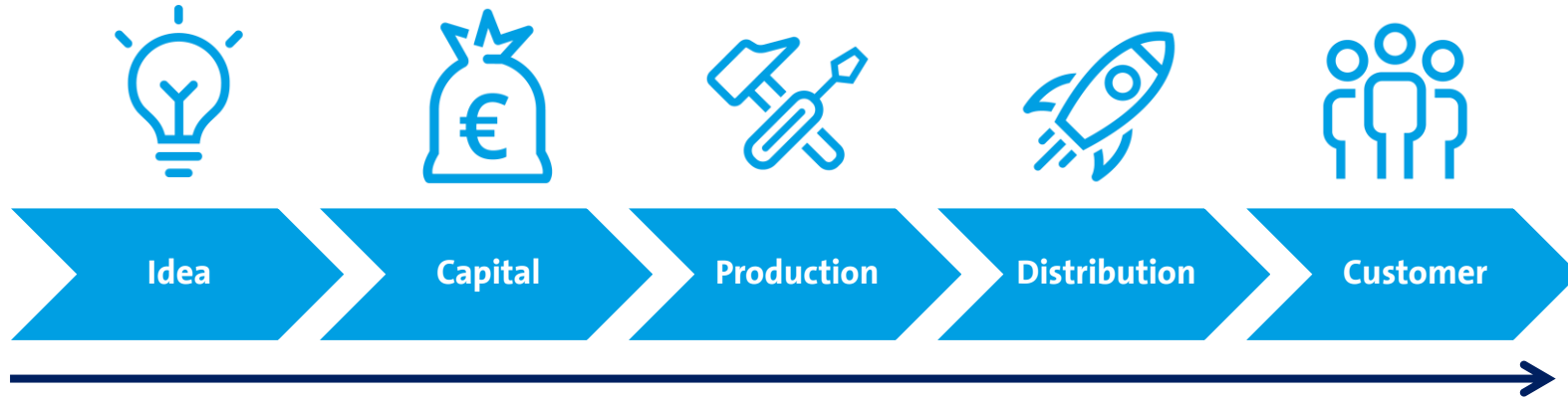
Benjamin Ledwon & Torben David

Council of the European Union, Brussels, 1 February 2019

bitkom

What is the digital economy?

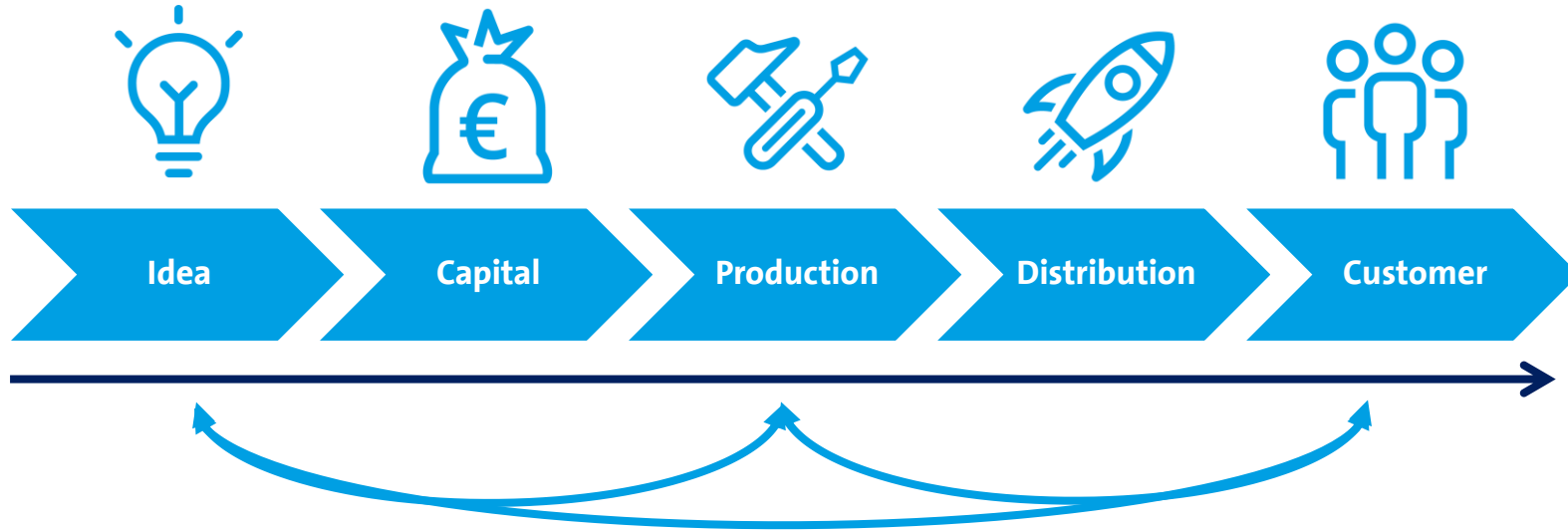
Fundamental change of production processes across all industries



The traditional production process

What is the digital economy?

A revolution of production processes across all industries

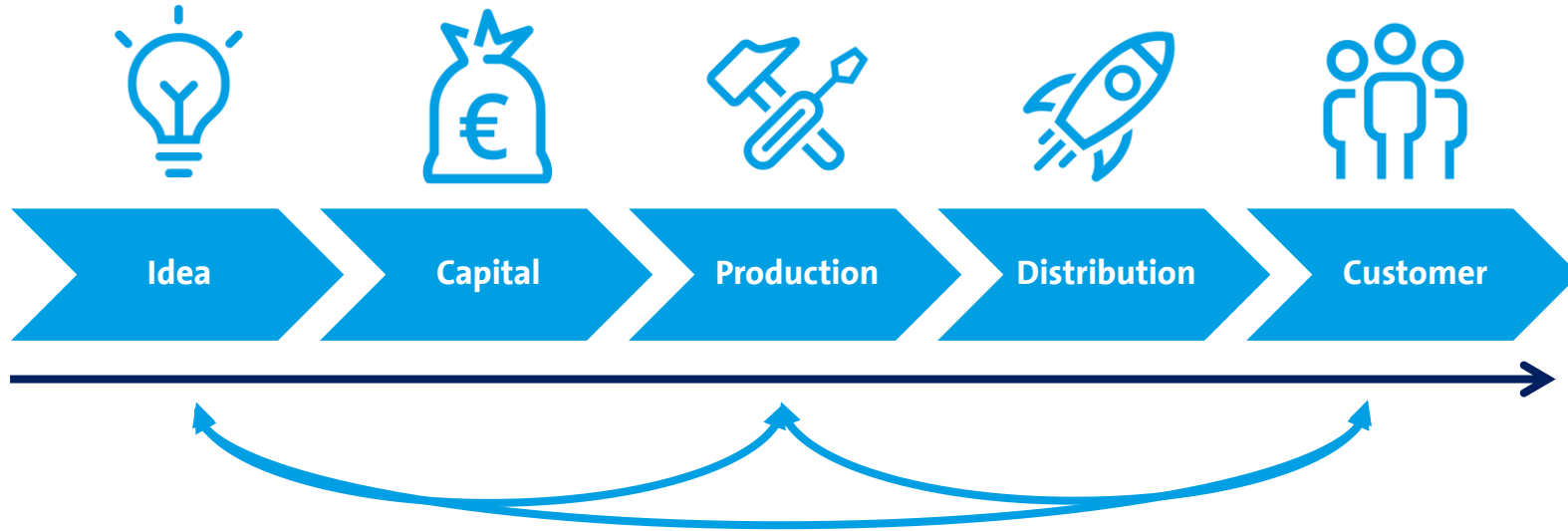


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The digital production process

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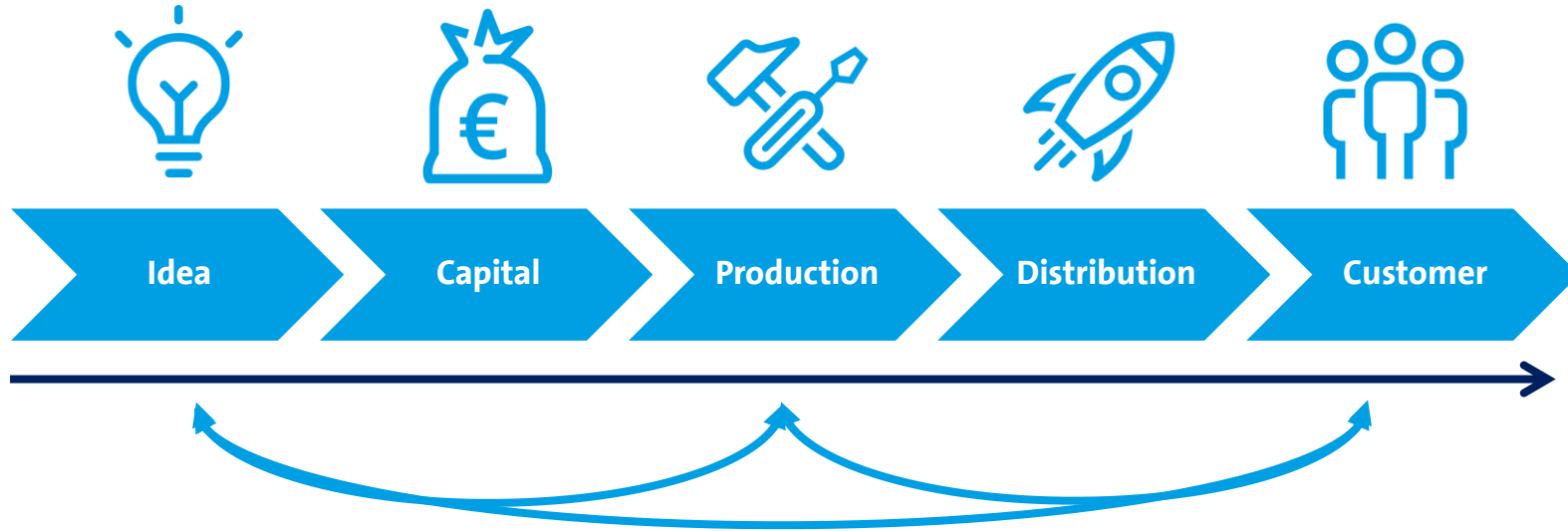
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The digital production process

Digital is not an end in itself but a means to an end

What is the digital economy?

A revolution of production processes across all industries



The traditional production process

The digital production process

Digital is not an end in itself but a means to an end

It achieves novel outcomes, or known outcomes differently

What is the digital economy?

Shifting value – the case of platforms

Uber

The world's largest taxi company does not own any cars.

facebook

The world's largest media company does not produce any content.

 **Alibaba Group**
阿里巴巴集团

The world's most valuable trader does not produce any goods.

 **airbnb**

The world's largest hospitality service does not own any real estate.

- **Platforms:**
 - Shorten and rewire value chains
 - Achieve an information advantage through data
- Besides Skype and Spotify there are few initiatives in Europe:
 - SAP Hana Cloud Platform
 - Here
 - Klöckner
 - Virtual Fort Knox
 - Axoom
 - Adyen

The Digital Ecosystem

Bitkom's membership exemplifies the horizontal nature of the digital transformation

Traditional Industries

- Mobility, Pharma, Manufacturing, Logistics, etc.



Traditional ICT

- Software, Hardware, Telecoms



Startups

- e.g. FinTech, 3D Printing, eHealth, Blockchain



Platform Economy

- Platforms, Social Media, eCommerce, Payment, Mobile etc.

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The digital transformation of all economic sectors is inevitable

Therefore: Good digital policy is sound economic policy

Policy-making for the digital age

Towards better governance



Digital Regulatory Fitness and Performance Package (Digital REFIT):

- REFIT initiative should be extended to key technologies (e.g. AI, 5G, DLT, 3D Printing)
- Fitness check should reduce burden for innovative companies in existing regulation



Digital Impact Assessment & Regulatory Scrutiny Board:

- All impact assessments should include a digital dimension
- The Regulatory Scrutiny Board should assess compatibility with EU digital agenda



Digital Representation in Commission and Parliament:

- A digital ambassador could represent European interests in the EU and abroad
- Digital policy speakers in the EP could ensure the coherence of group policies

Policy-making for the digital age

Better regulation: Thinking retro- and prospectively



Digital REFIT

- **Retrospectively** identifies and removes obstacles in legislation
- Focus on **key technologies**: Which existing provisions are rendered obsolete by AI, Blockchain and others?

The Union's Digital Agenda

Digital Impact Assessment

- Pre-empts unintended consequences of **prospective** legislation
- Inclusion of **both tech- and sector-specific expertise** is key to achieve balanced legislation

Policy-making for the digital age

Digital representation for better governance

A digital ambassador for Europe

- Denmark's Casper Klynge as a role model
- A **facilitator of dialogue** between Member States, third countries, citizens, industry and the EU Commission
- An expression of European confidence in finding a **digital “third way”** between the US and China



Digital Policy Speakers for the European Parliament

- Example: German Bundestag
- Coordinators for their groups' positions on digital affairs, increasing **coherence of the EP's policies**
- **A first point of contact** for the other institutions

Policy-making for the digital age

Open technologies for an open world

To become a digital world leader, Europe needs:

- The right people
- The most advanced skills and knowledge
- The best infrastructure
- Investors willing to take a risk

Policy-making for the digital age

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Example I: Supercomputing

- **95%** of capacities are extra-EU
- Most skilled workers employed in **US and China**
- To make EuroHPC a success, we need global knowhow

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Example II: crossborder eCommerce and data flows

- crossborder B2C und B2B eCommerce is increasing
- data flows increasing in relative value to goods (example: Brexit)
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Example III: Skill shortage

- **9/10** jobs will require digital skills
- **44%** of EU citizens have **none**
- International workers & teachers can help bridge the gap

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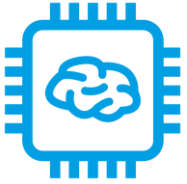
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We need the help of our global partners to achieve our goals

Europe cannot go it alone

Governance for a digital Europe

Conclusion & Key Messages



Digital transformation is zero hour for the world economy:

- Past achievements count little in a world reshaped by new technologies
- Private and public sector need to rethink their work processes & governance



Open technologies for an open world:

- Openness is an essential feature of the digital economy
- To become a digital world leader, we need to work with our global partners



Digitalisation is a means to an end:

- It is a process that enables new ways to arrive at desired outcomes
- It needs to be thought from a purpose and deployment-oriented perspective