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ROUNDTABLE OF LEADERS OF EUROPEAN INITIATIVES ON "DIGITISING EUROPEAN INDUSTRY"

DIRECTOR GENERAL MARKUS J. BEYRER

Ladies and Gentlemen,
Commissioner Oettinger,

I am very glad to be here today – for the second time. I would like to warmly thank Commissioner Oettinger for carrying on such an important initiative. BUSINESSEUROPE strongly supports this exercise.

Let me start with a quote from Albert Einstein: "If you always do what you always did, you will always get what you always got".

Digitalisation is presenting us with challenges that are new and unforeseen. We need to shift our usual approach to address them and accompany European innovation.

We are in a difficult time and we need to re-establish competitiveness in Europe. The market for Internet of Things components and systems has grown 160 percent in 2013 and 2014, and it is still expected to grow more than 30 percent a year in the next ten years. I will repeat what has been already said this morning several times - the opportunities ahead are too important for Europe to miss them and let others catching the potential of innovation while we are falling behind.

The exercise we are doing today is crucial. **We need to join forces, because no Member State alone will be able to grasp the opportunities of digitalisation by itself.** Europe is a market of 500 million citizens, with an innovative industrial basis and an excellent education system. We need to put our strengths together and create a European model of digital industry which will be successful worldwide.

We need to define our own approach to digitalisation, based on first class manufacturing, adequate protection of privacy, confidentiality

and integrity of data, strong security and intellectual property. Trust is the keyword if we want EU industry to take up digital technologies.

I would like to focus on three elements which were already raised by the other participants and which require **adequate action at European level -** the level of Members States is simply not enough for effective action.

1. ***We need to establish an innovation-friendly framework for data***. Data are absolutely the central piece in the digital revolution. Today, businesses are using in most cases contractual solutions in order to decide who "owns", collect and process machines data. ***There might be regulatory gaps in this area, but that does not mean automatically that legislation is needed.*** There must be in-depth discussions between policy makers and stakeholders to identify precisely what is missing and how to move forward with a coherent European approach.

2. ***We need to speed up the development of high-speed and secure broadband networks*****. The EU is the only major economy where investment in broadband has declined** *(15% decrease in EU vs. 10% increase in the US and 138% increase in South Korea during the period 2008-2013.* At the heart of industrial digitalisation is the communication between people, machines, products and companies. For this, robust and secure communication networks with high bandwidth and speed across the EU are of fundamental importance. The upcoming review of the current EU telecom framework can be an opportunity to move forward broadband development in Europe - if we make the right choice.

3. ***We need an inclusive approach to standards and interoperability, both at EU and international level*****.** Digitalisation needs standards based on a broad consensus between all stakeholders. Giving a more prominent role to business in standards development processes is the only way to ensure their wide acceptance and application.

   Interoperability is also key. The ability of connected machines to work together is absolutely critical to unleash the potential of digitalisation – without it, 40 percent of potential benefits of Internet of things cannot be realised.

There are two additional key areas where we need cooperation between EU and Member States policy makers, together with the participation of industry:

Public policies must ensure the availability of skills to respond to the challenges of digitalisation. Digital industry will require the development of a mindset for data driven decision making. Companies are still figuring out how they can use data effectively in decision making.

I will repeat what has been already stressed, but it is absolutely crucial. **Education needs to respond to requirements of the digital economy**. Data have shown that, for instance, the skills gap for ICT specialists across the economy has been constant at 40 000 for years only in Germany. Curricula in schools need to adapt. An engineer in the smart factory must not only understand production processes and manufacturing techniques, but also grasp the underlying IT infrastructure and be aware of the new security risks.

Public policies need to address the new challenges related to the workforce. Digitalisation will deliver efficiency to industry. It is also a huge opportunity for employees. Some jobs will disappear, but many others will be created. We must see these developments as an opportunity and not only as a negative disruption. But this will require some degree of flexibility in the workplace. Digital is changing constantly and rapidly. The digital tools that we have today will probably not be the ones we will use tomorrow. For this reasons, workers' skills also need to change and be updated over time. **The need of training on the job and during the entire working life is also very important and needs to be properly addressed**. Currently, participation rates in formal and non-formal education and learning of 25-64 year olds in the EU are well below the levels observed across the Atlantic.

I would like to conclude with an idea. Europe can truly benefit of the innovation that the digital economy is bringing about. But this will require change, and change usually involves fear and resistance. We must not fall into this trap and be caught by fear. We need to think to the potential that is offered to Europe at this moment and follow the innovation principle. Of course, we need to manage the risks. But innovation must be our driving force and we need to fully,

systematically assess and address the consequences of new legislation on innovation.

Thank you for your attention.

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