Europe needs a digital single market to stimulate innovation – Ann Mettler

21 February 2014
Key theme: Innovation Union
by Ben Deighton

Ann Mettler, the executive director of the Lisbon Council, a Brussels-based think tank, believes that Europe should create new rules for online businesses in order to give web-based entrepreneurs access to the whole of Europe. She will be participating in the EU’s Innovation Convention on 10-11 March, 2014.

What does innovation mean today?

‘Innovation is not just about new products, it can be about new processes, new business models, new ways of collaborating. It’s a much more open understanding of innovation. I often describe it as a democratisation of innovation – it involves many more people, but with that comes more complexity. If you think, for instance, what has revolutionised telephony, Skype, which was originally an Estonian company, if you think about how we consume music, Spotify, which is a Swedish company, these have completely changed things. That’s what I’m talking about, these are not companies that did heavy-duty R&D (research and development) in the traditional sense, but they have nonetheless led to seismic shifts in business models and consumer behaviour. It is important to understand that many of these disruptive innovations are driven by young companies, so not by big established incumbents. It’s really new, entrepreneurial endeavours that are driving forward the disruptive innovation that we would like to see.’
How should Europe change to stimulate innovation?

‘I think we need to adapt institutions and systems that were created for the industrial age to a completely new era. It’s a digital innovation-led age, and with that we’ll need to see changes in governance. One of the proposals that I have put forward is, for instance, that the new European Commission president him or herself will take ownership of innovation and digital advancement because I think that the way it is structured now in silos is detrimental to making real progress. My vision for Europe is to move from coal and steel to wired and digital, and I think that this is not just a good economic development strategy, because we know that the digital economy is growing eight times faster than other sectors, it is also a new way to reignite a European spirit, particularly among young people for whom digital is not just a gadget but a way of life. I think the digital single market should be the next step in the European integration process. It would drive forward innovation, it would create jobs, it would reignite growth, and it would connect with a generation that is very disenfranchised now - Europe’s young people who are faced with horrific levels of unemployment and often don’t see a future here. We need to think about what is the next step for European integration and this is the one I would like to push for.’

What do you mean by digital single market?

‘That would mean, for instance, you could create a 29th business regime (on top of the business regimes of each of the 28 EU Member States) where instead of registering with a national country, you would create an online regime to create a business that trades just over the internet. It means that you could really tap into the potential that the single market offers, but digitally. It means that if you are, for instance, a telco (telephone and communications) company you can easily do your business across Europe. It would probably lead to fewer telcos, but bigger. Right now, we have over 100 telcos in Europe, and in the United States there are just four or five. It means we have too many small players that cannot compete globally, and that are in need of a real, integrated market at home, the way we have for goods. The importance of the single market for driving forward innovation has always been underappreciated. It goes back to what I was saying about the silo mentality, that in the European institutions the single market has nothing to do with innovation and innovation has nothing to do with the single market. I disagree with that, I think there is a lot of connection. The same between digital and innovation, and the same between regional policy and innovation and research. So we need much, much more collaboration and cross-fertilisation. These silos are becoming meaningless, even counter-productive and they are becoming an impediment to really driving forward an ambitious and comprehensive innovation strategy.’

Ann Mettler, Executive Director, the Lisbon Council
What are the barriers to achieving this?

‘The EU has to be a very, very integral part of this globally connected digital economy, helping the Member States develop bold and ambitious strategies to not only adapt to - but thrive in - the digital age. However, one thing that really stands in the way and is very threatening to Europe in my opinion is that we are lagging behind in mobile and superfast broadband. There are specific targets on that in Europe 2020, but we are far from reaching them because we are not investing enough. Even modest estimates say that we would need around EUR 200 billion to have superfast broadband across the EU, but when the Commission tried to earmark EUR 9.2 billion to expand broadband and digital networks in its Connecting Europe Facility, the Council cut this down to less than a billion euros. So, if we look at the actual investment that is necessary and the investment that is forthcoming, there is a large discrepancy, and that is worrying for me because you cannot have a successful digital economy on top of a poor digital infrastructure. So, understanding the importance of the digital infrastructure for the wider innovation ecosystem is where I see that much more action is needed.’

*Have a look at the full programme for details.*

**Ann Mettler**

Ann Mettler is a co-founder of the Lisbon Council, a Brussels-based think tank and policy network that develops ideas around innovation and the digital economy. The Lisbon Council functions as a platform for discussion on innovation, and helps develop solutions to Europe’s key economic and societal challenges.

Before founding the Lisbon Council, Mettler was Director of Europe at the World Economic Forum, and has also worked as a policy adviser in Washington, DC.

**More info**

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