



# Digital Agenda Targets Progress report

Digitisation has been changing not just our economy but also our daily lives for at least the last twenty years. This process will continue for the foreseeable future. Where digital was once a niche market for specialists, it has become a general purpose technology which is affecting all sectors of the economy and society – the digital economy.

These changes are happening at a scale and speed that bring immense opportunities for innovation, growth and jobs. They also raise challenging policy issues for public authorities which require coordinated EU action. This is why the European Commission launched the Digital Agenda in 2010.

Digitisation has been good for Europe. Between 2001 and 2011, digitisation accounted for 30% of GDP growth in the EU. However, in other countries, the contribution of ICT to growth was much higher. In recent years, it has become clear that one reason for the relative mediocre performance despite the many competitive advantages of Europe has been the absence of a Digital Single Market. That's why the European Commission launched the Digital Single Market strategy in 2015.

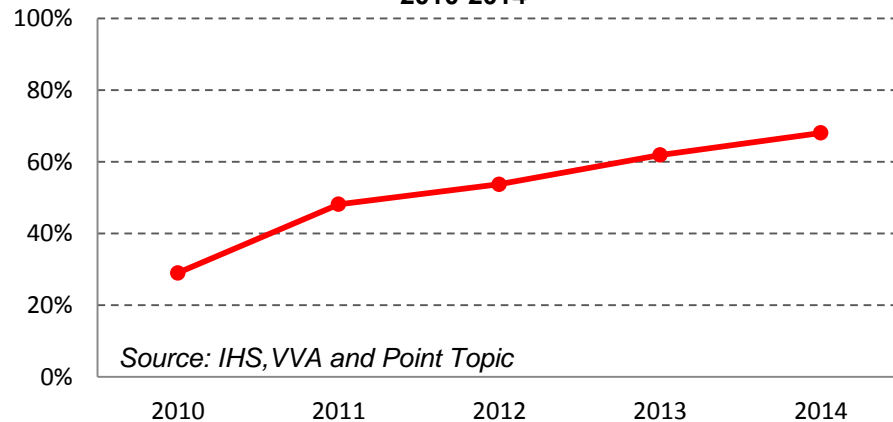
The Digital Agenda Scoreboard provides an overview of where Europe stands on the targets adopted in 2015 and thus also the baseline for the Digital Single Market strategy.

# Next Generation Access: the cities are mostly covered

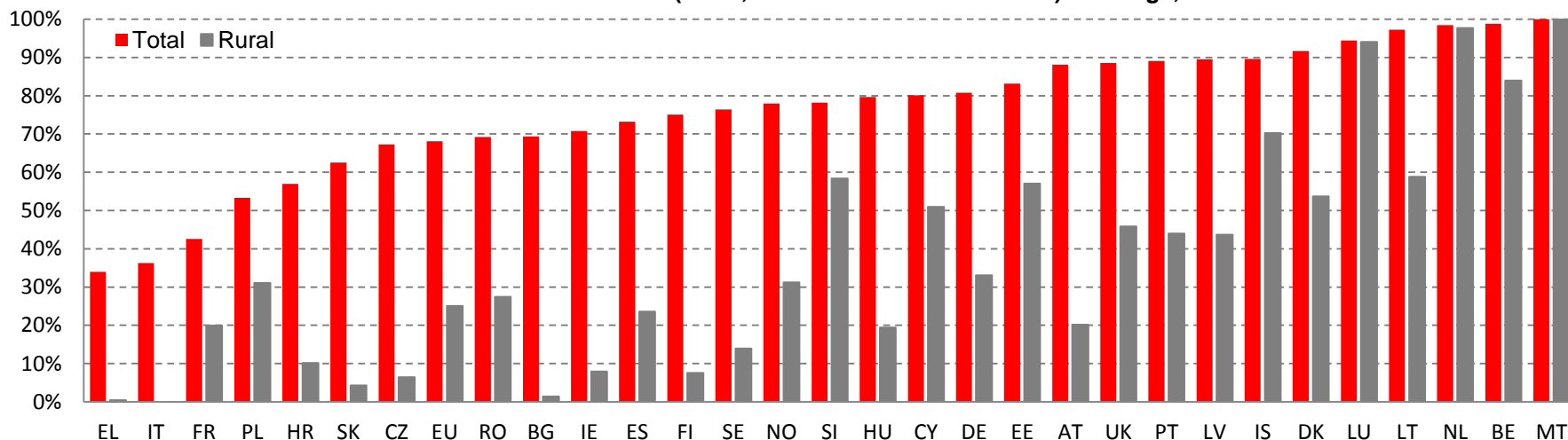
Total NGA coverage has now reached 68% in, a gain of 6 points in the last year and of 39 points over the last five years. At the end of 2014, Cable Docsis 3.0 had the largest NGA coverage at 43%, followed by VDSL (38%) and FTTP (19%). Most of the upgrades in European cable networks already took place by 2011, while VDSL coverage doubled in the last three years. There was a remarkable progress also in FTTP growing from 10% in 2011 to 19% in 2014.

NGA networks are currently very much limited to urban areas: rural coverage is only 25%, coming mainly from VDSL.

Next Generation Access (NGA) broadband coverage in the EU, 2010-2014



Next Generation Access (FTTP, VDSL and Docsis 3.0 cable) coverage, 2014

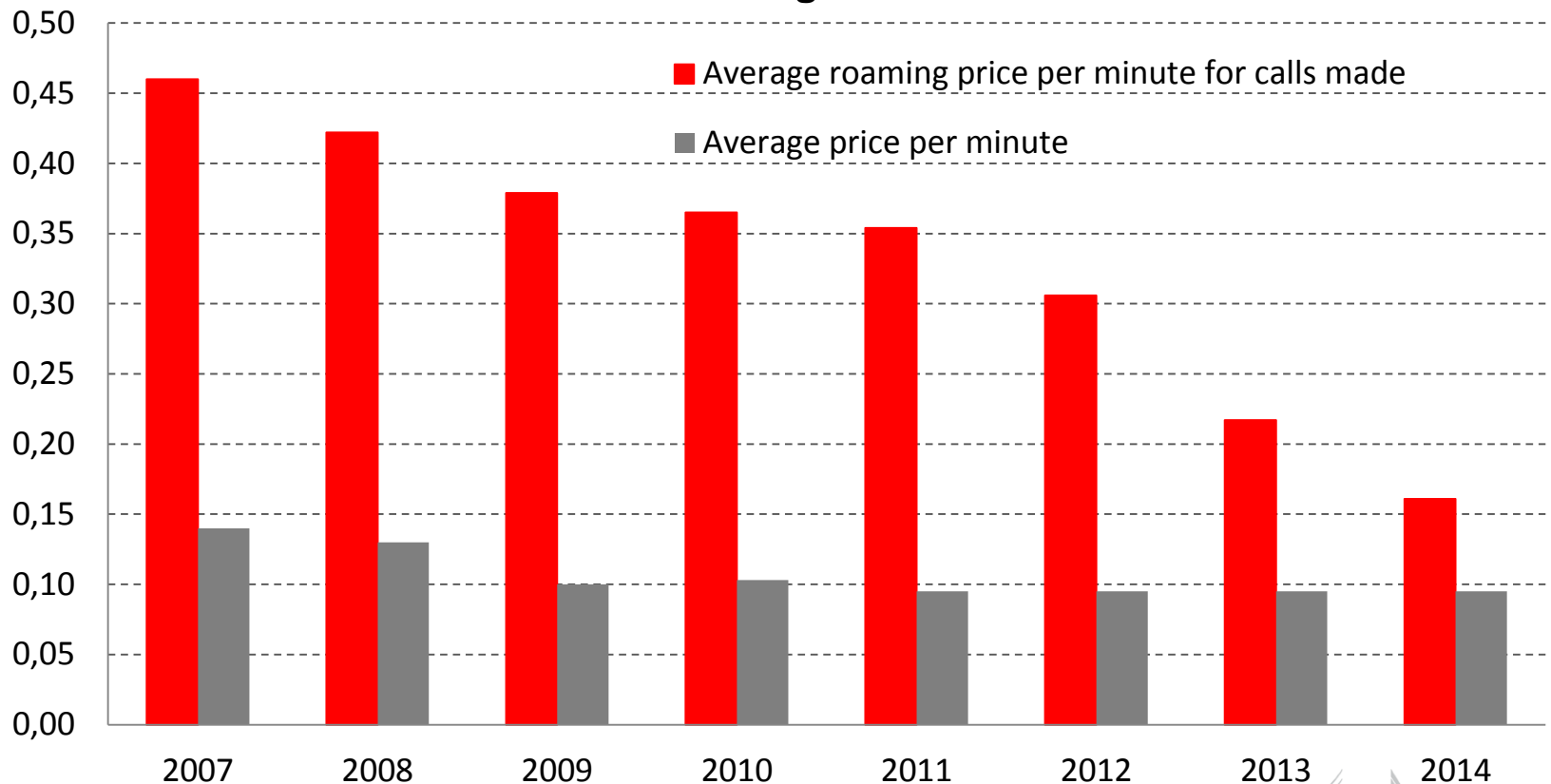


Source: IHS and VVA

# Roaming: the effects of legislation

EU regulation has successfully brought down roaming prices in the EU since 2007. In 2013, the Commission adopted the 'Connected Continent' proposal which includes new roaming provisions to abolish roaming surcharges altogether in the EU. This proposal is currently being discussed by the EU co-legislators.

## Price differences between roaming and national calls in Euros



# Internet use: a success story

Regular Internet use in the EU has increased by 14 percentage points since the launch of the Digital Agenda, from just above 60% to just below 75%, reaching the target. Even in the last year the score went up by 3 percentage points, indicating that there is still quite some distance to go before approaching saturation levels.

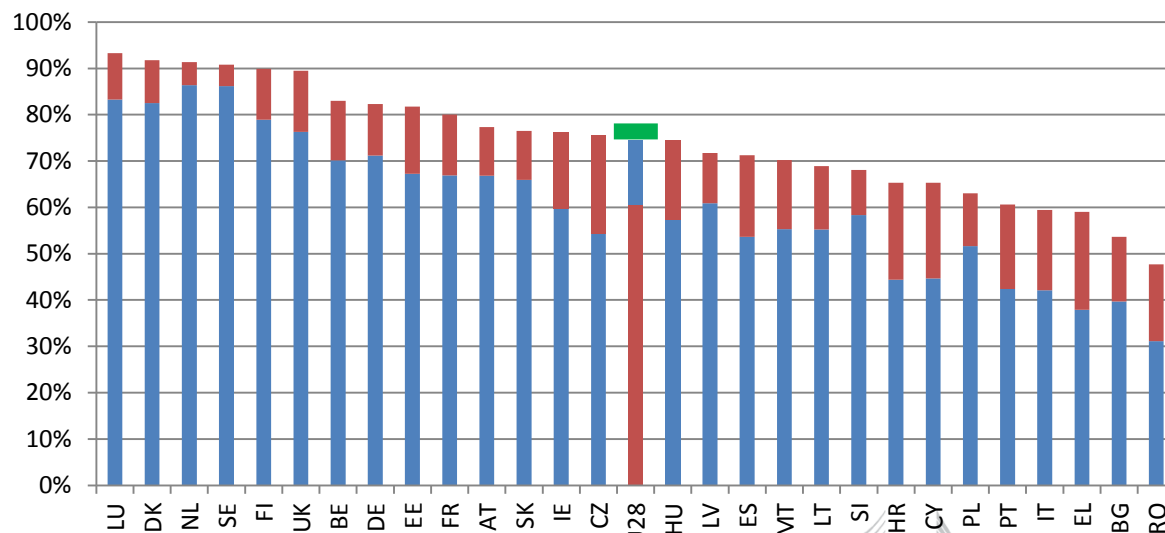
Progress has been largest in countries with a low starting level, contributing to improved cohesion in the EU, but for any given starting level there are significant variations in outcome, as digital inclusion policies have been more or less active. The biggest gains of above 20 points occurred in Greece, Cyprus, Croatia and the Czech Republic.

Conversely, the share of the population which has never used the Internet has declined by 12 points to reach 18%, and might achieve the target of 15% next year.

Progress has been especially strong for disadvantaged groups, among which regular Internet use has now reached 60%, up from 41% five years ago. Here, too, the target has been reached. The biggest increase can be observed in the UK, where the share of disadvantaged online has gone up by 25 percentage points in the last three years alone.

Frequent Internet usage, i.e. connecting at least daily, has risen by 17% (as opposed to 15% at least weekly for regular Internet usage), indicating a trend among regular users to more frequent use.

## Regular Internet Users (at least once a week) in %

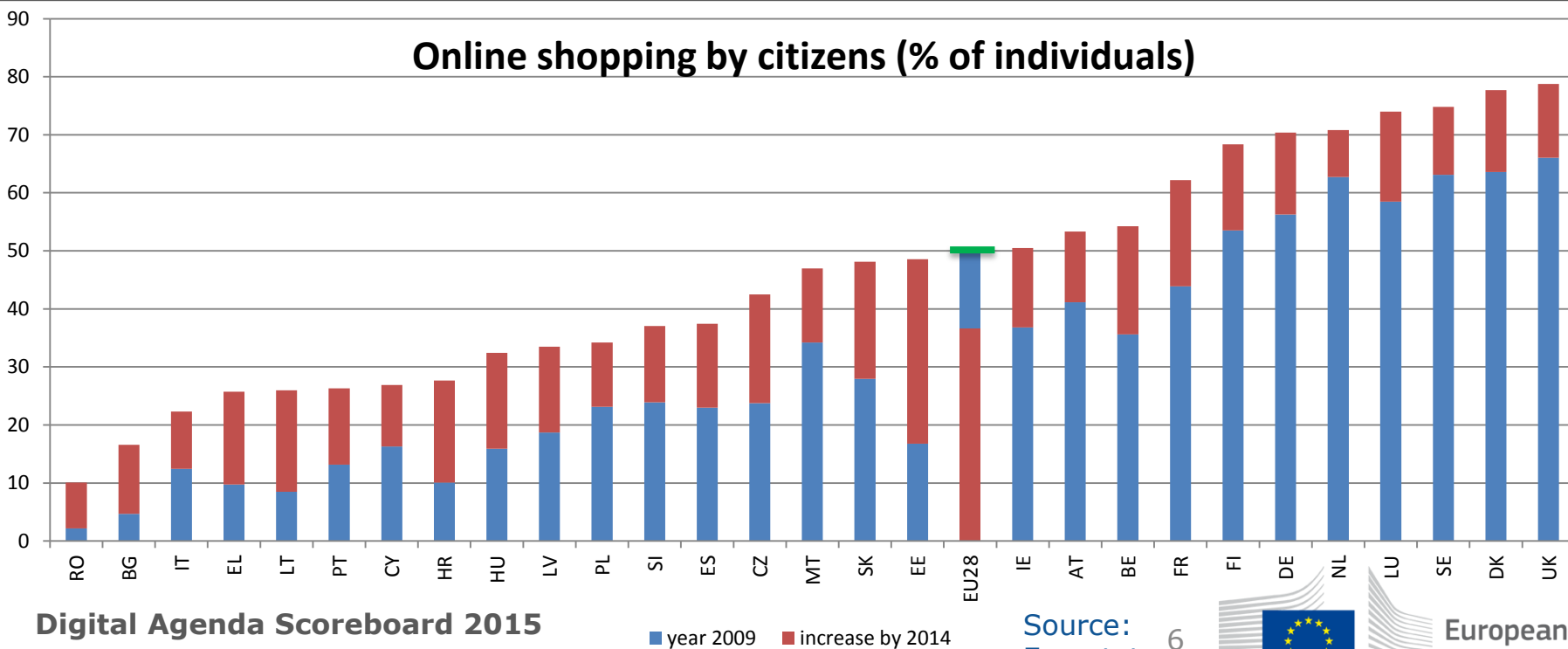


# eCommerce by citizens: success at home, failure abroad

Online shopping has made continuous progress, up more than 14 percentage points to 50% of citizens. Advancing in a close parallel with Internet use. The target of 50% by 2015 has thus been achieved. There is no clear connection on member state level between level achieved and further progress, with only the Netherlands, Italy and Romania adding less than 10 percentage points. At the other end, Slovakia is the only country to increase by more than 20 percentage points.

While 44% of citizens shop online nationally, only 15% cross a border to another Member State when doing so (9% do both, while 6% buy only from abroad, mostly in smaller Member States with a less developed offer). Cross-border online shopping is advancing regularly, adding six and a half percentage points in four years to reach nearly 15% in 2014, but the target of 20% will most likely be missed. Smaller member states do not only have higher levels of cross-border shopping, but display also higher growth.

## Online shopping by citizens (% of individuals)



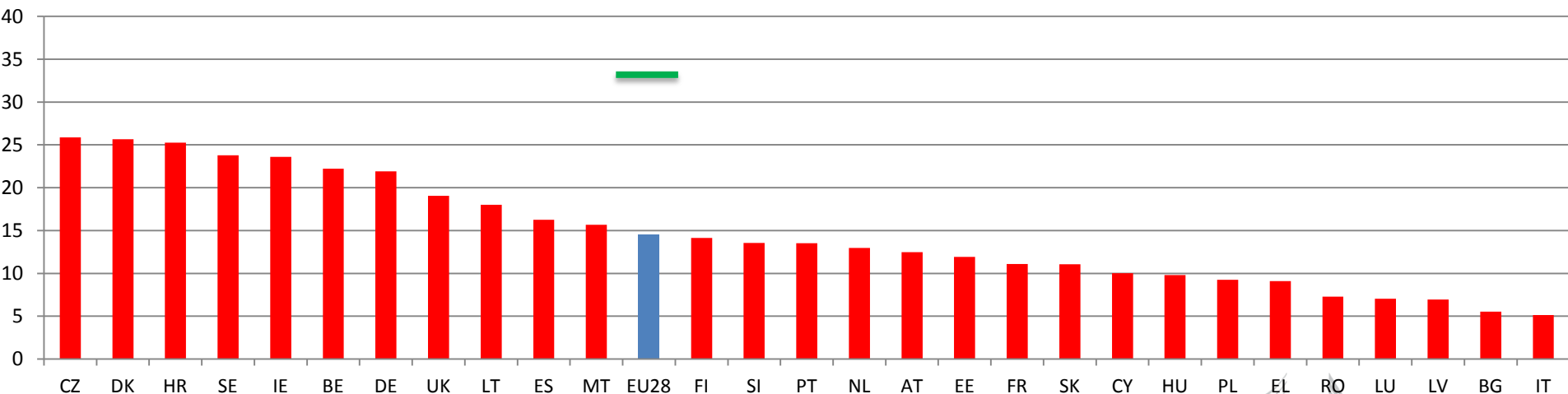
# SMEs selling online: a missed opportunity

European SMEs continue to miss out on the opportunities of online sales. Only 14.5% of them sell online, which represents an increase of only 3.5 percentage points over five years. It is growing at a glacial pace, reaching 14% in 2013, compared to a DAE baseline of 12%. Interestingly, the best performing countries include the Czech Republic and Croatia. Even the best performing countries are far from the EU-wide target of 33% by 2015 and on current trends will not reach it.

Large companies, on the other hand, are much more active, with 35% of them selling online. This represents a gain of 6 percentage points over the last five years. Thus the gap between SMEs and large companies has increased since the Digital Agenda was launched.

## eCommerce by SMEs

share of companies with online sales > 1% of turnover, in % (2014)



# eGovernment: growing, but slowly

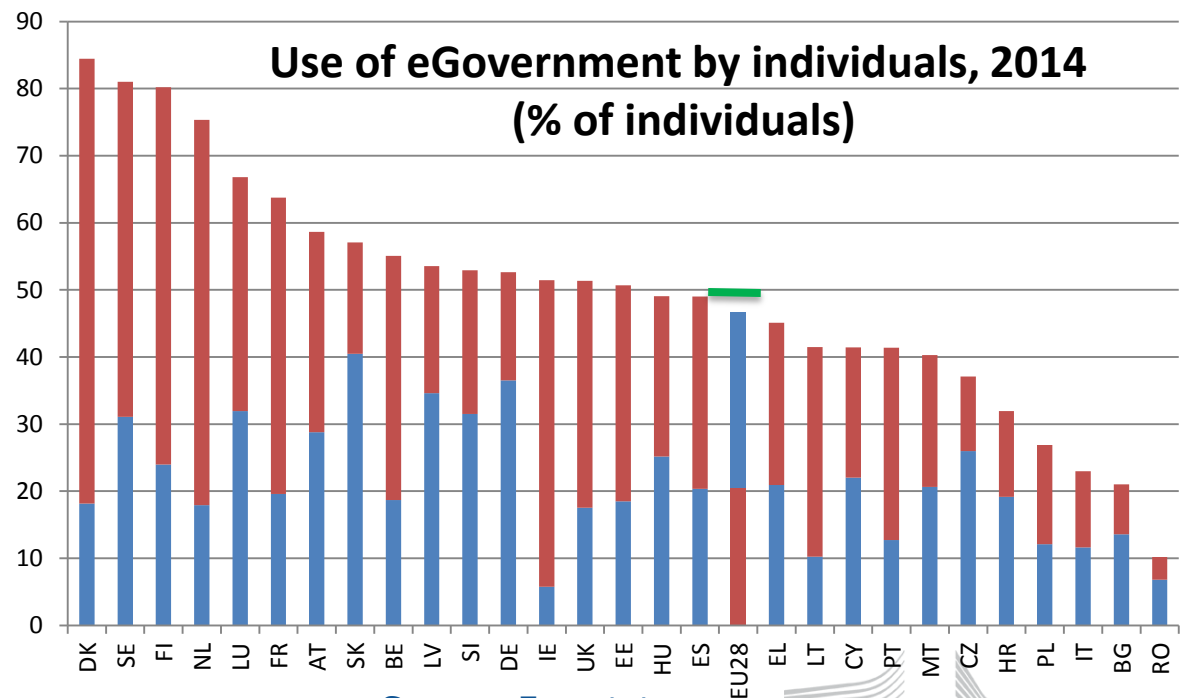
The use of eGovernment services by citizens has advanced over the last five years from 38% to 47%, making it possible but not certain that the overall target of 50% will be achieved by 2015. However, the subtarget of 25% of citizens returning completed forms has already been achieved.

The rise of the use of eGovernment services has been mostly driven by the increase of regular Internet users, while the share of Internet users who use eGovernment services has edged up by only 3 percentage points, to 58%.

This contrasts with other services such as online shopping, where the rise of the share of Internet users from 54% to 63% has been a major driver for the overall increase.

Over the last twelve months the share of citizens submitting completed forms in total eGovernment users has edged up a bit to reach 55%, indicating an increasing sophistication of eGovernment offers. The highest increases in this respect can be observed in those countries which were already the most advanced in 2009 such as Finland or the Netherlands.

eGovernment use is particularly susceptible to public policies. For example, taking the six countries with the lowest score in 2009, two (Portugal and in particular Greece) have made spectacular progress, two (Bulgaria and Croatia) have made average progress, and two (Italy and Romania) have made hardly any progress at all.





## Low energy lighting is growing fast

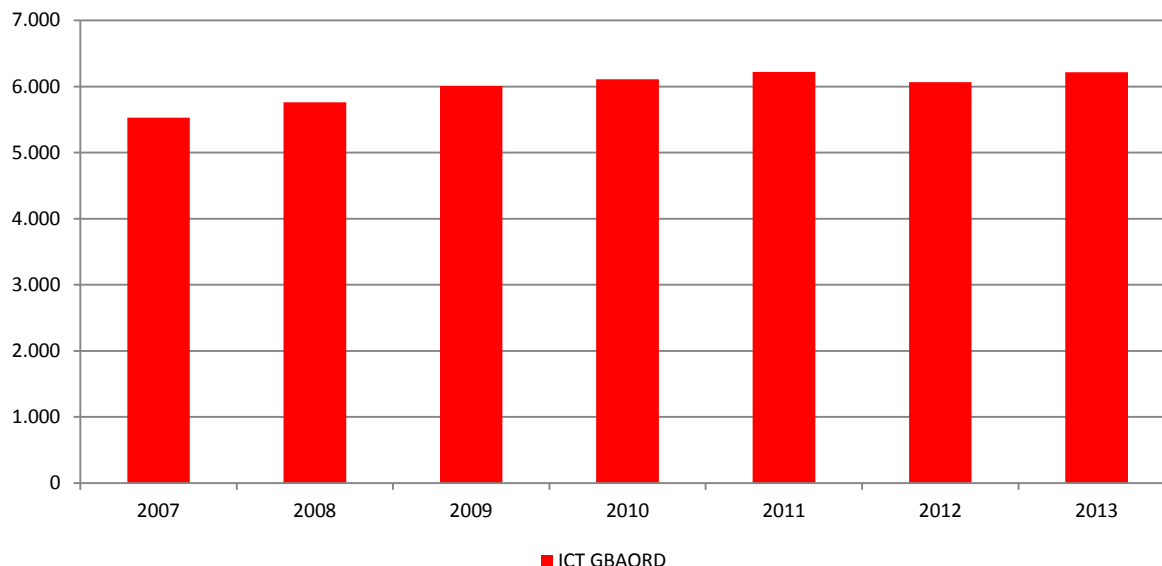
The shift towards energy-efficient lighting is happening fast. Indeed, the market share in value of solid-state lighting such as light-emitting diodes (LEDs and OLEDs), which consume little energy, increased from 14.4 % in 2012 to 19% in 2013, an eleven-fold increase compared to the Digital Agenda starting point of 1.7 % in 2009. It is to be expected that this rapid growth will continue apace in the remaining years of the Digital Agenda, ensuring that the target will be met.

## Public R&D for ICT is growing again

In 2013 public support to European R&D in ICT picked up again, an increase of 2.5% making up the losses of 2012. While public support to total R&D also partly made up for previous losses, it is still 0.7% below the high water mark of 2010. Thus the long term trend to an increasing share of ICT in total public support to R&C continues, reaching 6.75% in 2013.

The target of doubling public R&D by 2020 requires an annual growth rate of 5.5%. After several years of growth below the required rate, the cumulative gap is now about 18%, or 1.4 bn €.

ICT GBAORD, 2006-2013 (€m)



# Sufficient progress

## Targets already achieved

- ✓ Regular usage
- ✓ Online shopping
- ✓ Disadvantaged groups ' use
- ✓ Basic broadband
- ✓ Lighting energy use
- ✓ eGovernment completed forms

## Targets possibly achieved in 2015

Non-usage (probable)

Overall eGovernment (possible)

## Too early to tell

NGA coverage

100 Mbps take-up

R&D in ICT

# Insufficient progress

## Targets likely to be missed

SMEs selling online

Cross-border eCommerce

Roaming