

Going the Extra Mile to Strengthen Europe's Digital Foundations

Recent weeks have shown how crucial ubiquitous and well-functioning digital communications networks are to ensure public services, business operations and social interactions in a time of crisis. While the current situation has had a profound impact on our lives, many professionals continue to work remotely; pupils attend classes virtually; and necessary goods and services remain accessible online.

Telecommunications infrastructure is an essential foundation for digital economy and society and has the potential to further empower our lives. Digital transformation does not only imply efficiency gains or new ways of social interaction in our economy and society, it also promises an additional layer of flexibility and resilience.

The future of digital communications in Europe will depend on our willingness and ability to set common goals that will serve both our citizens and businesses. The goals and policies that will lead Europe to the Gigabit era cannot be defined by any one party, but need to be endorsed by all stakeholders.

State of Digital Communications

The roll-out of 5G and Very High Capacity Networks (VHCN) is well on its way across Europe. At the end of 2019, 14 European telecom operators had launched 20 5G networks in nine European countries and over 80 networks are expected to be in operation by the end of this year ([ETNO State of Digital](#)). In parallel, operators are expanding their fibre footprint across the continent. The convergence of mobile and fixed telecommunications infrastructure into one connectivity platform will be necessary to serve digitalization needs of tomorrow.

Timely deployment 5G and VHCN is not only dependent on the actions of the telecoms industry but is also impacted by the ongoing changes in the wider digital ecosystem. Building new networks is expensive and it requires spectrum licenses and local permits issued by public authorities. More performant networks enable higher data traffic volumes, which in turn necessitate planning and investment in storage and data processing infrastructures. Sustainability is increasingly a high priority for telecom operators and network upgrades provide an opportunity to explore innovative ways for the telecoms and the digital sector at large to help mitigate the impact of climate change.

The recently published European Commission's (EC) "[Digital Strategy](#)" rightly positions connectivity as the foundation for digital transformation. However, when defining the future connectivity targets for the "Gigabit Connectivity 2" plan, the metrics should be carefully balanced between the availability of 5G or VHCN and the readiness of users to consume these services. We need policy measures to support the full ecosystem around digital communications, to boost private investment, reduce the cost of deployment and to generate demand.

Spotlight on Uptake of New Services

A new generation of digital communications infrastructure will enable a new generation of services for individual consumers and businesses. However, development of connectivity infrastructure alone will not be enough to ensure proliferation of new services – we also need aspirational policies to stimulate demand. Initiatives supporting the development of e-government and digital skills are good examples of such policies.

The latest [Digital Economy and Society Index \(DESI\)](#) by the EC shows that 41% of European homes have a subscription of at least 30 Mbps and 20% of homes subscribe to ultrafast broadband. The level of uptake is low in comparison to the level of coverage and availability of fast and ultrafast broadband services in the EU. Indeed, while connectivity coverage gaps still exist in some parts of the EU, we appear to also have a significant gap between currently available broadband services and the uptake of these services.

The value of connectivity to consumers and industry will increase in an organic manner as new services, devices and applications become available. Recent data promisingly indicates that Europeans want higher speeds and more performant networks with data usage increasing by nearly 20% between 2018-19 ([ETNO State of Digital 2020](#)). Similarly, there is increasing demand across different industries for new data-enabled business services, and European telecom operators are working with sectors such as automotive, smart cities and healthcare to further develop and trial innovative solutions.

The EU's new Industrial Strategy recognises the need for innovation and digitisation amongst European industry and SMEs and addresses the important issue of digital skills. Concrete policy initiatives focused on digitisation of industry and of public sector as well as on skills aspects can be instrumental in generating demand for future networks by reinforcing the incentive to invest. As many businesses and other organisations in the digital sector have long-standing initiatives for SMEs and on skills – such as ETNO's "[Digital Upskilling For All](#)" – it is also essential to cooperate where appropriate.

What Next?

While we transition to 5G and VHCN, the common conception of connectivity needs to be upgraded from building a beeline to creating an ecosystem. With the new digital and industrial strategies, Europe has an opportunity to define policies that help boost the digital communications ecosystem. We should work together to ensure that our policies live up to this challenge by:

- Promoting private investment in mobile and fibre networks. This can be achieved by embracing new business models and increased collaboration within the digital communications industry and backed by an investment-friendly and timeproof regulatory framework.
- Facilitating cost reductions related to network deployment. Governments' support is crucial to harmonise conditions for spectrum awards and local permits.

- Setting aspirational demand side targets. Policy initiatives that encourage traditional European industries, public sector and consumers to embrace the digital economy and society will help accelerate further development of digital infrastructure.

A mix of political focus, demand-side policies and thoughtful regulatory decisions will help Europe speed up its path towards full digitalisation. This is of essence, if we want to build the foundations for a stronger economy, a more cohesive society and a carbon neutral future.