

Brussels, 25 November 2024

## MEMORANDUM: Approval of budget 2025

**On behalf of the President, Peter Weckesser**

Dear Members,

I am delighted to inform you that the Executive Board endorsed the 2025 budget following review by the Operations Committee. We now kindly request your approval in accordance with the written procedures outlined in our Statutes & By-laws. Your participation in this decision-making process is essential. We ask that you cast your organisation's vote via the provided ballot form by 13 December 2024 at 18:00 (CET).

### **2025 Budget**

#### ***Context:***

2025 will be a pivotal year where the new Commission's agenda begin to be implemented. The Commission's agenda, as outlined in the Commissioner's Mission Letters, is a testament to the effectiveness of our advocacy efforts over the past year. It is particularly noticeable with regards to the extent that their objectives mirror the messages of our [Manifesto](#) published on 7 November 2023 and of our subsequent Thought Leaderships on [Strengthening the Single Market](#) (20 February) and on [Critical Technologies](#) (16 June).

It is very clear, that over coming years, the EU's institutions efforts will focus on two major trends that resonate deeply with our advocacy objectives:

- **Competitiveness:** Following the Letta and Draghi reports, the Commission will focus on reinvigorating Europe's industrial strategy. The lack of scalable technology companies is identified as the main driver of the GDP gap, which has widened by 30% compared to the US in the last 20 years. An annual investment of €800 billion is needed to bridge this gap, and regulatory burdens on companies—currently costing €200 billion yearly—must be halved to restore Europe's competitiveness.
- **Security & Resilience:** In response to the ongoing war in Ukraine, the outcome of the recent US elections, and escalating global geopolitical tensions, the Commission will prioritize Europe's resilience and security. The unprecedented appointment of a dedicated Defence Commissioner demonstrates the EU's stronger commitment to this area in the new mandate. Critical Technologies and Dual Use technologies play a central role in protecting critical infrastructure, responding to natural disasters, and developing future defence capabilities.

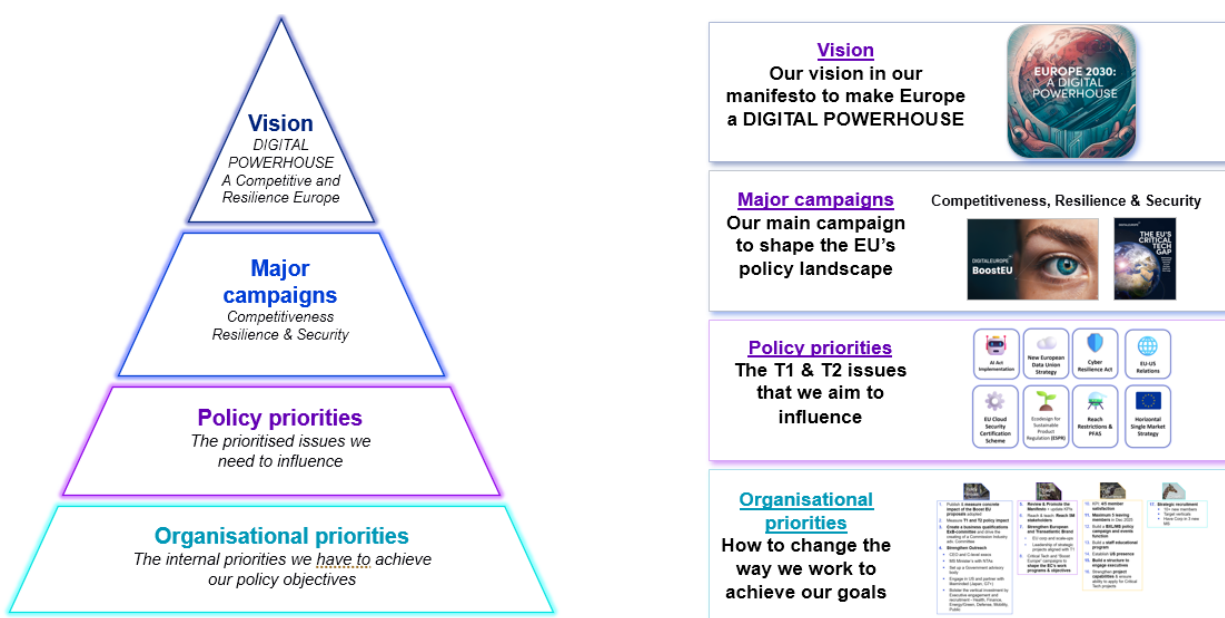
It is also noticeable that our increased collaboration with National Trade Associations has had significant impact at the Member State level and on the Council. The [Budapest Declaration](#), published on 8 November 2024, commits to tangible outcomes by mid-2025, including reducing

regulatory burdens, developing a single market roadmap, and focusing on critical technologies and infrastructure.

These trends and priorities will shape our strategic initiatives and budgetary allocations for 2025, ensuring that our financial resources are effectively directed towards advancing our mission and addressing the evolving needs of our industry.

## ***DIGITALEUROPE priorities and investment areas for 2025***

Building on the trends and priorities outlined, our investment strategy for 2025 is focused on delivering results across four level of priorities:



### **1. Our Vision**

Our vision, outlined in our Manifesto, to establish Europe as a Digital Powerhouse drives all our activities. This vision underpins our strategic initiatives, ensuring that every investment aligns with our mission to enhance Europe's digital competitiveness and resilience.

### **2. Major Campaign Focus**

The Board has kicked off a major campaign to maintain the EU institutions' focus on industry competitiveness and resilience, preventing a shift back to over-regulation. Key components include:

- **Our 3-step game plan on how to win the tech race:** Collaborating with our members, we have compiled a comprehensive document outlining concrete proposals for regulatory cuts, harmonisation, and incentives to boost Europe's competitiveness.

- **Executive Engagement Plan:** Implementing a strategic plan to engage more executives in our activities, fostering stronger support and collaboration from industry leaders to maximise our policy impact.

### 3. Clear Policy Priorities

Following our resource allocation survey, with 89% (137 out of 154) member participation and 85% positive assessments, the top policy priorities (i.e. Category 1) for 2025 are:

- **AI Act Implementation**
- **New European Data Union Strategy**
- **Cyber Resilience Act**
- **EU-US Relations**
- **EU Cloud Security Certification Scheme (EUCS)**
- **Ecodesign for Sustainable Products Regulation (ESPR)**
- **REACH Restrictions & PFAS**
- **The Horizontal Single Market Strategy**

Our resources will be focused on delivering results in these eight areas and the 23 category 2 issues identified by the members. Staff bonuses are now tied to member assessments of our policy impact, and Policy Chairs will review workplans quarterly to ensure consistent progress and make any necessary adjustments.

### Organisational Priorities

Since 2017, our organisational strategy has been anchored to four pillars, recently reviewed and approved by the Board in September and November 2024:

- **Policy Impact:** Maximising impact on Category 1 & Category 2 policy issues, advancing our competitiveness and resilience campaigns, and enhancing our outreach capabilities.
- **Thought Leadership:** Continuing to shape the policy landscape through strategic reports, strengthening our European brand, and expanding our audience reach.
- **Operational Excellence:** Upskilling our staff, optimising processes for maximum impact, and delivering world-class service to our members.
- **Growth:** Strategically recruiting members aligned with our policy priorities to foster sustainable growth and improve our retention plan.

From a financial perspective, the surplus accrued from 2020 and 2021 was earmarked in 2022 for strategic investments over the coming years. This decision ensures that DIGITALEUROPE

remains robust and impactful as the new Commission begins its term in 2025. Of this surplus<sup>1</sup>, €400k is allocated for use in 2024, with plans to exhaust all surplus by the end of 2026, returning DIGITALEUROPE to a balanced net operating position.

Regarding growth, we anticipate a moderate and strategic increase of 5 net new corporate members for 2025. Our budget remains conservative, allowing flexibility for adjustments throughout the year. The Association's financial health is sound, with no additional fee increases required in the foreseeable future. Additionally, our solid reserves of €847k will remain untouched.

In light of these considerations, the Board has unanimously approved this budget, and we are submitting it to the General Assembly for your approval. We believe that this budget reflects our commitment to responsible financial management and positions us to effectively address the evolving needs of our industry and stakeholders.

### **Total budgeted income 2025: €8,960,585**

The organisation's revenue growth mainly stems from:

1. **New membership.** Our forecast includes 5 new net corporate member fees for the full year over our current membership base.
2. **Increased Policy Related Projects contributions** resulting from the Competitiveness campaign and increased executive engagements.
3. **Increase of project revenue.** Our project revenue has steadily increased since 2019 and is expected to continue growing as we actively seek projects aligned with our priorities. Additionally, the creation of a new legal entity in 2025 will enable us to pursue more projects in strategic areas and strengthen the association's capabilities. However, the full impact of this change is likely to become evident only from 2026, given the time required to make the new entity fully operational.
4. **The indexation** of the membership fees as per the index published by the Commission Paritaire Auxiliaire pour Employés (CP 200), as issued annually on 1st of January by the Belgian Service Public Fédéral (GA Decision, 2024-5).<sup>2</sup>

### **Total budgeted expenses 2025: € 9,252,886**

When it comes to expenses, the following factors underpin the increase in expenses:

---

<sup>1</sup> As a reminder, in 2020 and 2021, the organisation had a surplus of about 1M that were earmarked by the Board and the General Assembly to deliver on the associations' priorities and prepare for the new EU institutional cycle over the coming years. More information on the surplus in the budget overview below.

<sup>2</sup> The Belgian government forecast as of November 2024 is for an indexation of 3.5%.

1. **Increased Staff Costs:** We are increasing the staff costs due to the indexation of salaries<sup>3</sup> and our continued hiring strategy to deliver on the priorities outlined above, including strengthening the policy team in accordance with the policy priorities shared by member via the Member Survey. Furthermore, we have earmarked additional resources for staff training programs. This investment in our team's expertise is crucial to keep on increasing the Association's competencies and impact. Finally, increase costs also stem from the fact that Association is passing the 50 permanent staff threshold and will have additional HR and reporting obligations.
2. **Enhanced Membership & Policy Outreach:** Reflecting our outreach success over the last year, and our ambitions to achieve objectives outlined above, notably regarding our campaign on competitiveness, we will continue to ensure robust and effective outreach towards the new EU Commission and the new Parliament and to effectively deliver on the Category 1 & 2 issues voted by our membership. This investment is essential to amplify our impact and align with our members' priorities in engaging with key political and official stakeholders.
3. **IT, legal and travel costs:** An incremental increase in our different costs to account for the forecast inflation (3.5%) and the increased number of staff at DIGITALEUROPE to match the ambitious goals of the Association as defined by our members.

As in previous years, we have budgeted two full memberships (€108k) as bad debt but consider the amount to be high and functioning as a buffer in the budget.

Thank you for your continued support and trust in DIGITALEUROPE's mission.

If you have any questions about the organisation's 2025 budget, please don't hesitate to contact [yann.finger@digitaleurope.org](mailto:yann.finger@digitaleurope.org) (+32 493 40 56 11).

See the full budget on the next page.

---

<sup>3</sup> Staff indexation in Belgium is compulsory and, for our Commission Paritaire, is set on January 1<sup>st</sup> of each year.

<b>INCOME</b>	<b>Forecast 2024</b>	<b>Budget 2025</b>
<b>Memberships</b>	<b>€6,409,353</b>	<b>€6,828,814</b>
<b>External projects (net, budget for staff costs)</b>	<b>€1,443,451</b>	<b>€1,463,649</b>
Skills	€612,059	€982,523
eInclusion	€25,000	€0
Green Deal	€187,850	€56,246
Digital Health	€350,207	€180,666
Security	€214,690	€184,571
New projects	€53,646	€59,643
<b>Sponsorships (net, excl. staff costs)</b>	<b>€206,062</b>	<b>€150,000</b>
Masters of Digital	€197,000	€120,000
Other sponsored events	€9,062	€30,000
<b>Interest income &amp; other</b>	<b>€73,777</b>	<b>€83,122</b>
<b>Policy related projects (net, excl. staff costs)</b>	<b>€153,250</b>	<b>€435,000</b>
<b>Total income</b>	<b>€8,285,893</b>	<b>€8,960,585</b>

<b>EXPENSES</b>	<b>Forecast 2024</b>	<b>Budget 2025</b>
<b>Staff related Costs</b>	<b>€6,589,429</b>	<b>€7,551,074</b>
<b>Office Costs</b>	<b>€587,530</b>	<b>€587,809</b>
<b>Travel and Expenses</b>	<b>€148,300</b>	<b>€149,123</b>
<b>Telecoms</b>	<b>€35,200</b>	<b>€36,608</b>
<b>IT, IT support, web, supplies, maintenance</b>	<b>€212,106</b>	<b>€223,327</b>
<b>Legal &amp; Administrative Fees</b>	<b>€95,125</b>	<b>€104,130</b>
<b>Memberships, Policy outreach</b>	<b>€600,871</b>	<b>€593,400</b>

<b>Tax, Interest &amp; Provisions*</b>	<b>-€9,030</b>	<b>€7,415</b>
--	----------------	---------------

<b>Total expenses</b>	<b>€8,259,531</b>	<b>€9,252,886</b>
-----------------------	-------------------	-------------------

<b>BALANCE</b>	<b>Forecast 2024</b>	<b>Budget 2025</b>
Total income	€8,285,893	€8,960,585
Total expenses	€8,259,531	€9,252,886
Bad debt	€13,000	€108,409
<b>Net operating revenue</b>	<b>€13,362</b>	<b>-€400,710</b>
Transferred COVID funds available <sup>4</sup>	€1,348,617	€1,361,979
Transferred remaining fund by end of year	€1,361,979	€961,269
Reserves	€847,863	€847,863

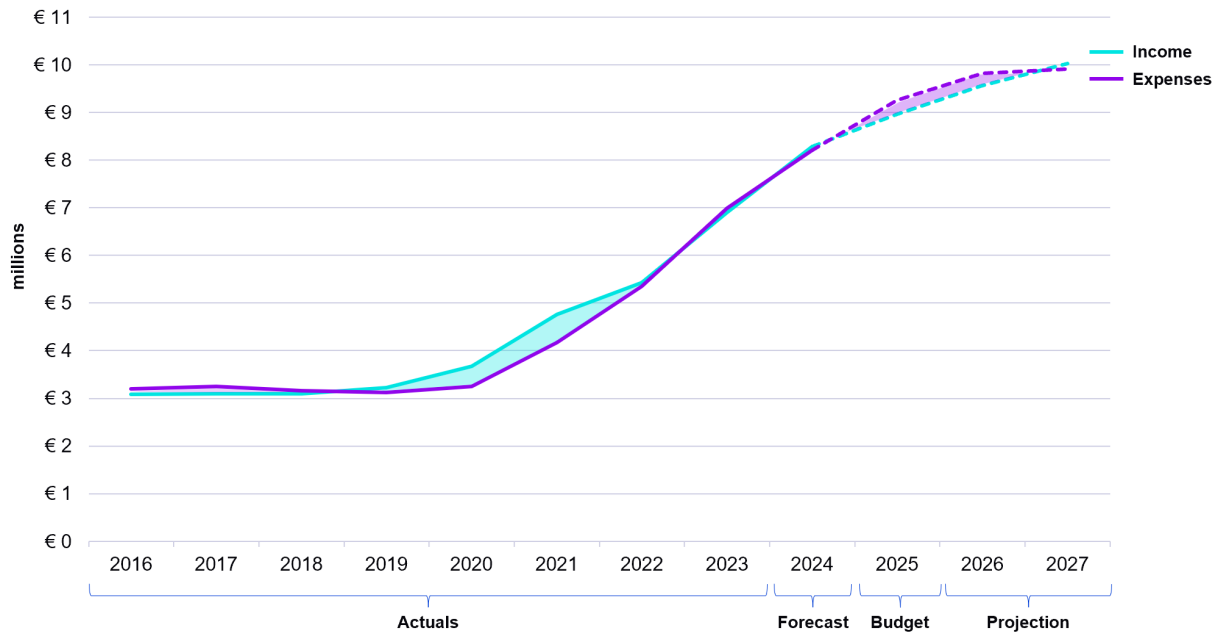
#### **Overview of DIGITALEUROPE's Income & Expenses between 2016 and 2026**

DIGITALEUROPE's financial trajectory since 2019 showcases significant growth. In 2020 and 2021, the association experienced a surplus due to a slight lag between increased income and careful expenses, considering the heightened uncertainty of the COVID-19 pandemic. The Board's strategy going forward is to judiciously deploy this fund over the coming years, thereby returning DIGITALEUROPE to its usual balanced net operating revenue in 2026.

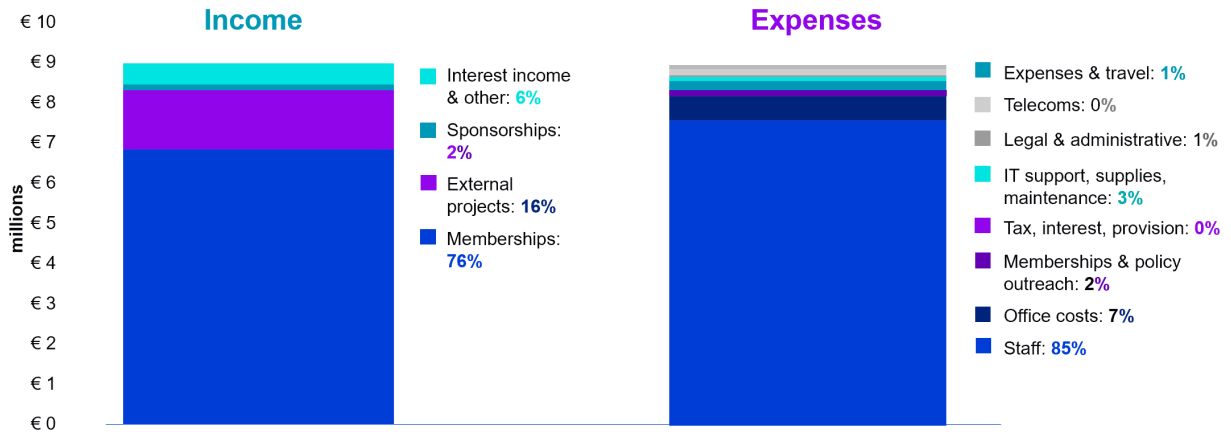
---

<sup>4</sup> As a reminder, in 2020 and 2021, the organisation had a surplus of about 1M. This was due to significant cost savings due to delayed hiring (caused by the uncertainty of the COVID situation), online events, and limited travel. At the same time, on the income side, DIGITALEUROPE faced extraordinary growth of its membership, project activities, and sponsorship revenue. The Transfer of COVID funds available is bigger in the budget 2025 than in 2024 as, in 2023 the association had a surplus that was not accounted for when the budget 2024 was approved.

## DIGITALEUROPE Income & Expenses 2016-2027



## Budget 2025



\* May not add to 100% due to rounding