

DIGITALEUROPE 



THE EXECUTIVE BRIEF:

BOOSTING EU COMPETITIVENESS
THROUGH PUBLIC SECTOR
DIGITAL TRANSFORMATION



Executive Summary

Europe's public sector is under growing pressure to deliver faster, simpler and more resilient services in a rapidly digitalising economy. However, administrative fragmentation, slow procedures, and outdated procurement and permitting frameworks remain structural barriers. For businesses, particularly SMEs, administrative friction acts as a de facto internal tariff of up to 110%¹, undermining the Single Market and Europe's competitiveness.

Digitalisation is no longer optional; it is essential to modernise public services, reduce administrative burden and enable the deployment of critical technologies, such as AI, cloud, cybersecurity and digital identity. A digitally enabled public sector is also a prerequisite for resilient infrastructure, trusted data use, and Europe's ability to compete globally.

Achieving these objectives requires more than incremental reforms. It demands simplified and interoperable public processes, including the possibility to reuse solutions across Member States. Procurement frameworks should reward resilience, security, sustainability, and innovation

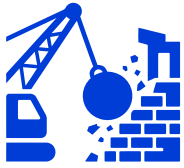
over lowest price, and should ensure an accelerated deployment of digital infrastructure. It also requires closer public-private collaboration to match the speed of technological innovation and translate it into tangible benefits for citizens and businesses.

European industry has already signalled its readiness. [Over 78 European CEOs](#) have signed DIGITALEUROPE's [AI & Tech CEO Declaration](#), pledging to invest and scale in Europe if policymakers act on investment, procurement and regulatory simplification. Alongside the Declaration, the [Fortifying Europe](#) framework gathers concrete cross-border deployment initiatives that illustrate what this can unlock, from the [Copenhagen Project](#) for a European Digital Shield to sectoral projects on [public services](#), [AI factories](#) and [dual-use defence](#).

This document outlines three key messages to boost Europe's competitiveness through public sector digital transformation, supported by clear success indicators and priority actions for policymakers.

¹ European Economic and Social Committee, *Establishing the 28th Regime in Europe. A unified legal framework to support growth and business* (Study), 1 October 2025. Available at: <https://cdn.ceps.eu/2025/11/qe-01-25-038-en-n.pdf>

Three Key Objectives



REMOVE ADMINISTRATIVE BARRIERS TO THE SINGLE MARKET

Europe's public sector **still operates with fragmented, slow, and paper-based processes that act as a de facto internal tariff**. Digitalisation is no longer optional, and it must focus on *high-impact use cases*, not compliance for its own sake. For this, **the European Business Wallets can become a core enabler** to eliminate in-person requirements, simplify procurement and permitting, and make cross-border business truly frictionless. Its strong uptake and large-scale adoption must be driven by mandatory public-sector acceptance and for specific use cases offering a clear business value from day one. Furthermore, achieving true cross-border interoperability requires simplification and harmonisation of underlying rules and processes across Member States. This is essential to enable the reuse of digital solutions across borders and reduce duplication of effort.

Public procurement remains Europe's most powerful yet underused policy tool

to support innovation and competitiveness, accounting for 14% of EU's GDP².

Too often, **lowest-price criteria crowd out supply chain security, technological resilience, sustainability and innovation** – undermining Europe's own strategic objectives. Fragmentation across 27 Member States prevents Europe from leveraging the scale of public demand. To solve this, **we need to move beyond price-only procurement, strengthen the weighting of non-price award criteria, and aggregate demand through joint EU procurement** mechanisms. Pooling demand through pan-European and large-scale EU procurement can create a market of sufficient scale to support competitive suppliers, enforce common security and interoperability standards, and accelerate deployment. Harmonising criteria can turn Europe from a fragmented buyer into a market shaper that enables providers to scale. Even a small improvement to the public procurement framework can yield big savings for the EU economy. The Commission estimates that a **1% efficiency gain could save €20 billion per year**³.



USE PUBLIC PROCUREMENT AS STRATEGIC POLICY TOOL

This is also how **the public sector can convert Europe's best scale-ups**, including those recognised through DIGITALEUROPE's [Future Unicorn & Dual-Use Technology Awards](#), such as [2026 winners Quandela and Sateliot](#) (French photonic quantum computing and Spanish dual-use satellite connectivity), into European technology champions rather than losing them to better-organised markets abroad.

Public procurement is also often held back by limited capacity within contracting authorities, especially at local level, where municipalities face persistent administrative constraints that prevent them from using procurement to its full strategic potential⁴. In many cases, procurement responsibilities sit with staff who lack the time, resources, or expertise to use procurement in a more strategic way. **Without addressing the skills gap and relevant constraints, Europe will continue to underuse public procurement as a strategic policy tool.**



ACCELERATE THE DEPLOYMENT OF DIGITAL INFRASTRUCTURE

Europe cannot deliver AI, cloud, data, and secure connectivity ambitions without a step-change in digital infrastructure deployment. Current permitting timelines and fragmented connectivity rules make Europe structurally uncompetitive.

We need to treat digital infrastructure as a strategic asset: faster and digitalised permitting, targeted sovereignty requirements only where justified, and a Single Market approach to connectivity and data centres. Otherwise, Europe risks remaining a consumer rather than a builder of critical digital capacity.

² European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, *Public procurement*, 2026. Available at: https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

³ European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, *Public procurement*, 2026. Available at: https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

⁴ European Committee of the Regions, *EU Public procurement reform must simplify rules and put people, innovation, and sustainability first*, 4 March 2026. Available at: <https://cor.europa.eu/en/news/eu-public-procurement-reform-must-simplify-rules-and-put-people-innovation-and-sustainability-first>

Success Indicators



Performance targets

50%

Boost joint procurement for critical capabilities

By 2030, 50% of public procurement in critical infrastructure and critical technologies in the EU should be carried out through cooperative procurement by Member States.

(Today only 11% of procedures in the EU are conducted through cooperative procurement according to European Commission's figures⁵)

30%

Increased Pan-European procurement

By 2030, 30% of all EU public procurement contracts above €10 million should be awarded cross-border.

(Cross-border procurement in the EU currently represents around 5% of total procurement i.e. Member States award less than 5% of public contracts to companies located abroad.)⁶

75%

Move from lowest price to value-based criteria

By 2030, 75% of public procurement procedures should use award criteria in which non-price factors account for at least 65% of the evaluation weight.

(Currently, 55% of procurement procedures still award contracts exclusively based on lowest price)⁷

50%

Faster procurement decision timelines

By 2030, cut the public procurement average decision time by 50% to accelerate the overall deployment of digital infrastructure.

(Based on 2021 data⁸ contract award procedures take an average of 96.4 days for decision)

Enablers

100%

Full European Business Wallets adoption

By 2028, all Member States should have fully implemented the European Business Wallets (EBW).

(By end of 2025 25 MS had notified eID schemes mandated by eIDAS Regulation since its entry into force in 2014 - 40% of which were only notified after 2021⁹)

X2

Double AI uptake by public administrations

By 2027, AI integration in the public sector should at least double, accelerating digital transformation of public services.

(In 2024 around 27% of local and regional EU public administrations were adopting AI¹⁰)

1bn EUR

Targeted European Business Wallets (EBW) deployment funding

By 2027, establish a €1 bn industry fund to ensure strong uptake and large-scale deployment of the EBW across the EU. Public administrations should also be incentivised, including through the establishment of a dedicated Government fund within the 2028–2034 Multiannual Financial Framework (MFF), or earlier using existing funding instruments.

5 European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, *Public procurement*, 2026. Available at: https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

6 European Court of Auditors, *Special report 28/2023: Public procurement in the EU – Less competition for contracts awarded for works, goods and services in the 10 years up to 2021*, 2023. Available at: [Special report 28/2023: Public procurement in the EU | European Court of Auditors](https://eca.europa.eu/en/publications?ref=sr-2023-28)

7 European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, *Public procurement*, 2026. Available at: https://single-market-economy.ec.europa.eu/single-market/public-procurement_en

8 European Court of Auditors, *Special report 28/2023*, 2023. Available at: <https://www.eca.europa.eu/en/publications?ref=sr-2023-28>

9 Overview of pre-notified and notified eID schemes under eIDAS (last updated: 2 Feb 2026). Available at: <https://ec.europa.eu/digital-building-blocks/sites/spaces/EIDCOMMUNITY/pages/48762251/Overview+of+pre-notified+and+notified+eID+schemes+under+eIDAS>

10 European Committee of the Regions, "AI and GenAI adoption by local and regional administrations", 2024. Available at: [ai-and-genai-adoption-by-local-and-regional-administrations-gg0124026enn_0.pdf](https://ec.europa.eu/digital-building-blocks/sites/spaces/EIDCOMMUNITY/pages/48762251/Overview+of+pre-notified+and+notified+eID+schemes+under+eIDAS)



Policy Recommendations

1. Scale demand via pan-EU joint procurement



To strengthen Europe's strategic autonomy and purchasing power, the EU should **enable voluntary joint procurement procedures based on harmonised criteria**, building on the Public Procurement Directives (PPD) and the upcoming Cloud & AI Development Act (CADA). A more coordinated approach to public procurement would allow Member States to aggregate demand, reduce fragmentation and achieve better value for money. Joint procurement should not replace national autonomy in public spending, but where economies of scale and strategic coherence justify collective action, it should be actively encouraged.

In parallel, the EU should **create a shared procurement platform for multi-Member State purchasing**, leveraging the European Digital Infrastructure Consortium (EDIC) model established under the Digital Decade 2025 framework. A platform like this would facilitate cross-border collaboration, enable economies of scale and accelerate the deployment of strategic digital and infrastructure projects across the Union.

2. Incentivise beyond price



The award of public contracts under the Public Procurement Directives revision should move beyond a sole focus on price and **integrate broader award criteria such as innovation, sustainability, security and resilience to reflect Europe's long-term strategic objectives**, including targeted digital sovereignty. This would ensure that public spending actively supports high-quality, future-proof solutions.

To accelerate and scale adoption of trusted digital solutions and foster interoperability, the EU should create incentives for Member States to deploy European Business Wallets, including through the **establishment of a dedicated Government fund within the 2028-2034 Multiannual Financial Framework (MFF)**, or earlier using existing funding instruments such as the Digital Europe Programme, the Connecting Europe Facility and the Recovery and Resilience Facility.

3. Simplify, digitalise & professionalise government procurement processes



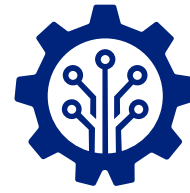
While the current Public Procurement Directives already enable more digital procurement, implementation remains uneven and key processes are still too often fragmented, repetitive, and not interoperable across the EU. Businesses continue to face unnecessary administrative burden through repeated data submissions, divergent national procedures, and digital systems that do not work seamlessly across borders.

The revision of the Directives should therefore **make procurement genuinely “digital by default”, facilitate the full implementation of the “once-only” principle, and promote more standardised procurement processes** across the Union. It should also create the conditions for the effective use of European Business Wallets in government-to-business interactions and in high-value business-to-government use cases, such as e-procurement and e-invoicing. More broadly, the EU should support smart, interoperable, and security-by-design solutions aligned with international and industry-led standards to facilitate cross-border participation and strengthen access to the Single Market.

Effective simplification also requires stronger administrative capacity within contracting authorities, especially at local level. Member States should therefore **strengthen the professionalisation of public buyers** by building on existing European Commission initiatives, including the Public Buyers Community Platform¹¹ and related training opportunities, and by promoting the European competence framework for public procurement professionals.

In addition, procurement practices should actively **support the use of European Business Wallets for government-to-business (G2B) interactions and high-value business-to-government (B2G) use cases**, such as e-procurement and e-invoicing.

4. Build resilient and secure digital infrastructure



Faster authorisation processes are essential to accelerate the deployment of strategic digital and infrastructure projects across the Union. To ensure security and resilience in critical sectors, the EU should **shorten and streamline digital infrastructure permit-granting procedures**.

At the same time, public procurement and digital infrastructure policies must apply **targeted due-diligence requirements in sensitive areas** such as justice and national security. Finally, the EU should maintain and regularly update a list of resilience- and procurement-critical projects to ensure coordinated and secure implementation at scale.



¹¹ European Commission, Public Buyers Community Platform, available at: [Homepage | Public Buyers Community](#)

DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory and investment environment that enables European businesses across multiple sectors, as well as citizens, to prosper through digital technologies. We wish Europe to grow, attract and sustain the world's best digital talent, investment and technology companies. Together with our members, we shape industry positions on all relevant policy matters and contribute to their development and implementation. Our membership represents over 56,000 businesses who operate and invest in Europe. It includes corporations and scaleups which are global leaders in their fields, as well as national trade associations from more than 30 European countries.

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