February 2025

AN AMBITIOUS AGENDA FOR EUROPEAN AI

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FOREWORD

Europe stands at a pivotal crossroads in an era of profound transformation. Mounting pressures on economic growth and competitiveness, driven by an aging population and slowing productivity, are straining the foundations of our social contract. At the same time, we are navigating a period of geopolitical turbulence, in which artificial intelligence (AI) has rapidly emerged not only as a powerful catalyst for economic progress but also as a pillar of strategic autonomy. In the global race to develop and deploy AI, Europe must act decisively to define its role. We can choose to lead with ambition and purpose — or risk being left behind.

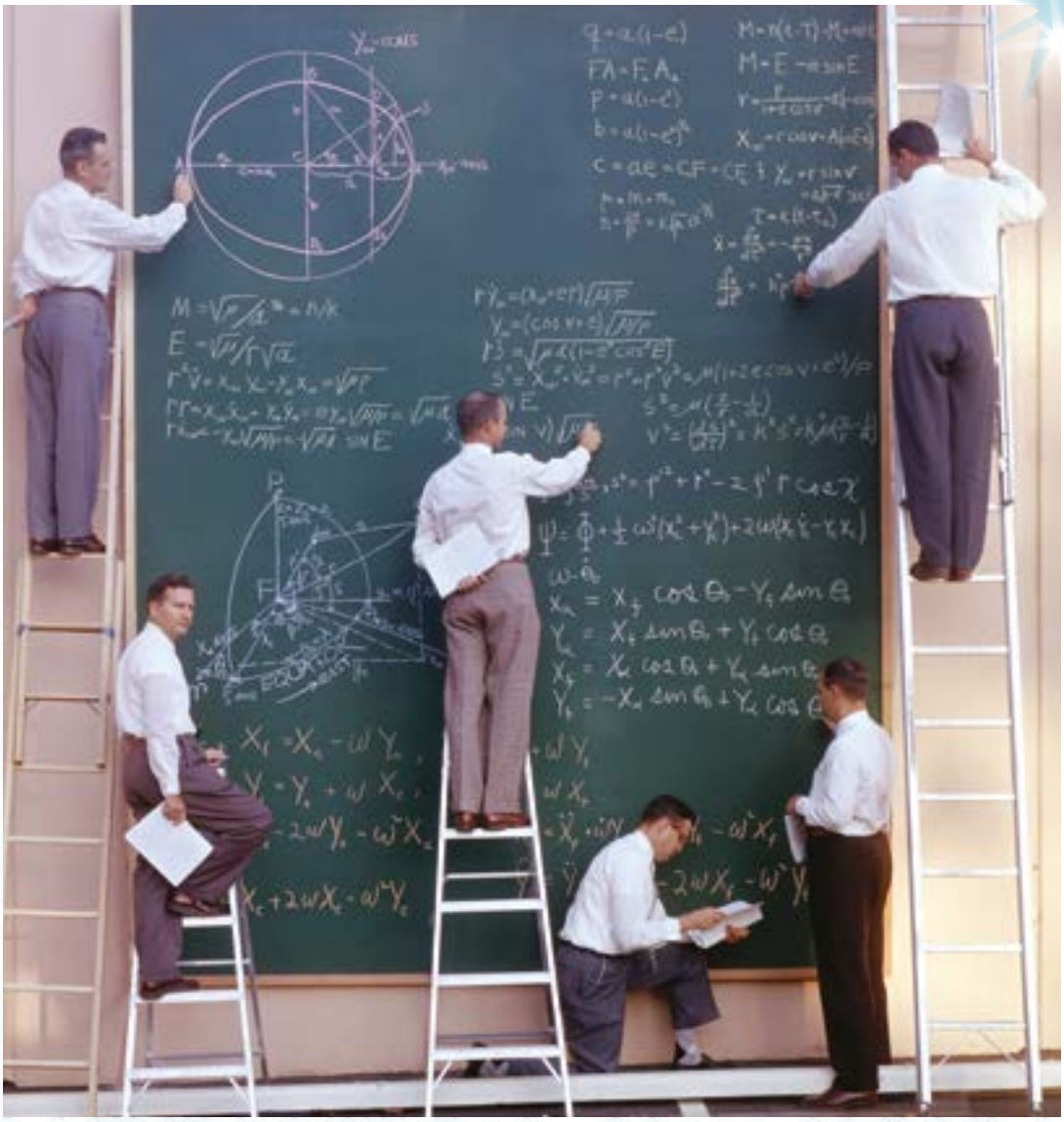
The Draghi report underscored the urgency to act on AI. Europe must respond with the ambition the world expects of us — and that we must demand from ourselves. This report presents a positive vision for Europe's AI reinvention, built from first principles and grounded in economic value creation. It builds on Europe's economic comparative strengths — recognising that we cannot compete in every domain and must chart a European path that combines bold economic objectives with societal resilience.

Across the private sector, European businesses share the determination to position Europe as a global leader in AI adoption, underpinned by robust energy and AI infrastructure. The early sparks of AI's transformative potential are already visible, with many organisations embracing an AI-first future. Through spotlights, we showcase examples that can serve as a powerful inspiration, demonstrating the possibilities for the broader economy and society.

Turning this courage and audacity into greater growth and resilience demands intentional momentum by coordinating efforts across technology, industry and policy — mobilising the talent and capital that can accelerate AI adoption across Europe's global industry leaders, modernising critical European infrastructure and fostering a competitive European technology ecosystem that can leapfrog ahead.

By seizing this moment, working with greater intention and embracing radical collaboration, Europe can demonstrate its resolve to turn ambition into outcomes, strengthening our position on the global stage and shaping a future in which technology serves the aspirations of our citizens. We feel the urgency. We want to partner with everyone who believes we can make the promise of this vision a reality. Our mission together is greater than what any one of us can do alone.

Dr. Jeannette zu Fürstenberg
Managing Director & Head of Europe
General Catalyst



REWRITING THE PLAYBOOK

The need for urgency at 'peak ambiguity'

AI is at *peak ambiguity*, shaped by complex geopolitical shifts, rapid technological advancements and an uncertain regulatory landscape. We find ourselves excited at the prospect of AI's ability to drive new products and experiences while simultaneously pondering questions about the future.

One indisputable truth is that the underlying shift will have profound implications for the world at large. AI's impact will be transformative, driving productivity and technological progress in all sectors of the economy, shaping prosperity and security. It is not a surprise that countries around the world are treating AI increasingly as a matter of strategic resilience.

AI is already reshaping both the real and digital economy at unprecedented speed and scale. The market capitalisation achieved by the "Magnificent Seven" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) over the past 20 years — today around $17 trillion, or equivalent to the annual GDP of the European Union — is extraordinary. However, the speed of economic value creation enabled by AI could surpass the prior two decades by an order of magnitude.

For Europe, this ambiguity is particularly pronounced. We are yet to articulate our ambition to lead in the field and how to position our constituent businesses for market leadership. To shape our own future, we must act with urgency and intentionality. We need a clear view of the world — assessing our position with both honesty and ambition — and need to consider how to create our own self-reinforcing flywheels of building new technology companies and transforming our leading industries to drive economic growth and social prosperity.

This report lays out a vision for Europe's AI reinvention in the context of economic value creation — one matched to the strengths and positioning of the European economy, recognising that we cannot compete in every domain and must chart a uniquely European path that allows for strategic autonomy.

Setting the context: 'Forgone but not Forgotten'

The Draghi report underscored technology as a key driver of Europe's competitiveness gap. While US tech giants reshaped the global economy in the past 30 years, Europe fell behind by failing to cultivate homegrown technology companies capable of creating and scaling innovation. This shortfall has historically left Europe struggling to keep pace in most critical digital technology domains that underpin modern economic growth and that are becoming increasingly critical to our sovereignty and resilience.

With the internet and mobile, technology waves focused largely on consumer technology, Europe was not well positioned to lead and scale innovation. The region's fragmentation and lack of a large, coherent single market — defined by one language and culture — meant European companies did not enjoy the same initial speed, scale, or network effects as their US and Chinese counterparts, whose vast, homogeneous and integrated consumer markets allowed new platforms to innovate fast, scale to large user bases and secure globally dominant positions.

The early dominance from the consumer technology companies spurred large-scale cloud infrastructure innovation. To meet their own growing demand, these innovators invested heavily in scaling their IT systems, pioneering new computing technologies. As they made these platforms available to enterprises, they not only created structural cost advantages through economies of scale but also cemented their market dominance through technical and commercial lock-ins — turning them into global utilities of computing. As a result, Europe became primarily a consumer of American and Chinese technologies, with much of the net productivity and value accruing to large technology companies outside Europe's borders.

This experience translated into a defeatist, reactive and defensive stance towards technology. A prevailing perception that, early in new technology waves, we have already "missed the boat" and that catching up in an exponential race is unrealistic. A tendency to then go back and play catch-up, focusing on replicating past waves of technology innovation once it is, in fact, too late. A bias towards regulation, with sound intentions of harmonising the consumer market whilst insulating consumers from negative consequences of imported technologies. And a fragmented approach to industrial and technological strategy, failing to leverage our strengths to create our own uniquely European technologies.

This time it's different

AI presents an opportunity different in complexity from prior waves of technological change, offering Europe a real opportunity to shift from defense to offense.

AI is not a zero-sum game (yet)

The near-dogmatic view that large, up-front capital expenditure and infrastructure investments ensures high barriers to entry and long-term moats in AI has proven ephemeral so far, benefiting both supply- and demand-side dynamics in the AI ecosystem. Research and engineering innovations in AI are shifting the cost curve for foundation models for a given level of performance at an increasingly rapid pace. The field is collectively and consistently optimising architectures, data and hardware utilisation to drive efficiency, with high talent mobility enabling rapid knowledge dissemination across a handful of companies.

— **Training.** During the past two years, organisations such as Mistral AI and DeepSeek have demonstrated that model performance levels that once required massive training investments can be achieved at a fraction of the cost.

— **Inference.** Simultaneously, pricing for inference has declined by more than two orders of magnitude in the past two years, rendering opportunities

for increasingly large swaths of the population to access and benefit from AI.

The current shift towards inference-time reasoning — which enables models to 'think longer' during inference — also drives performance on complex tasks without necessarily increasing pre-training budgets or model size, potentially alternating the economics of AI from capital expenditures to operating expenses.

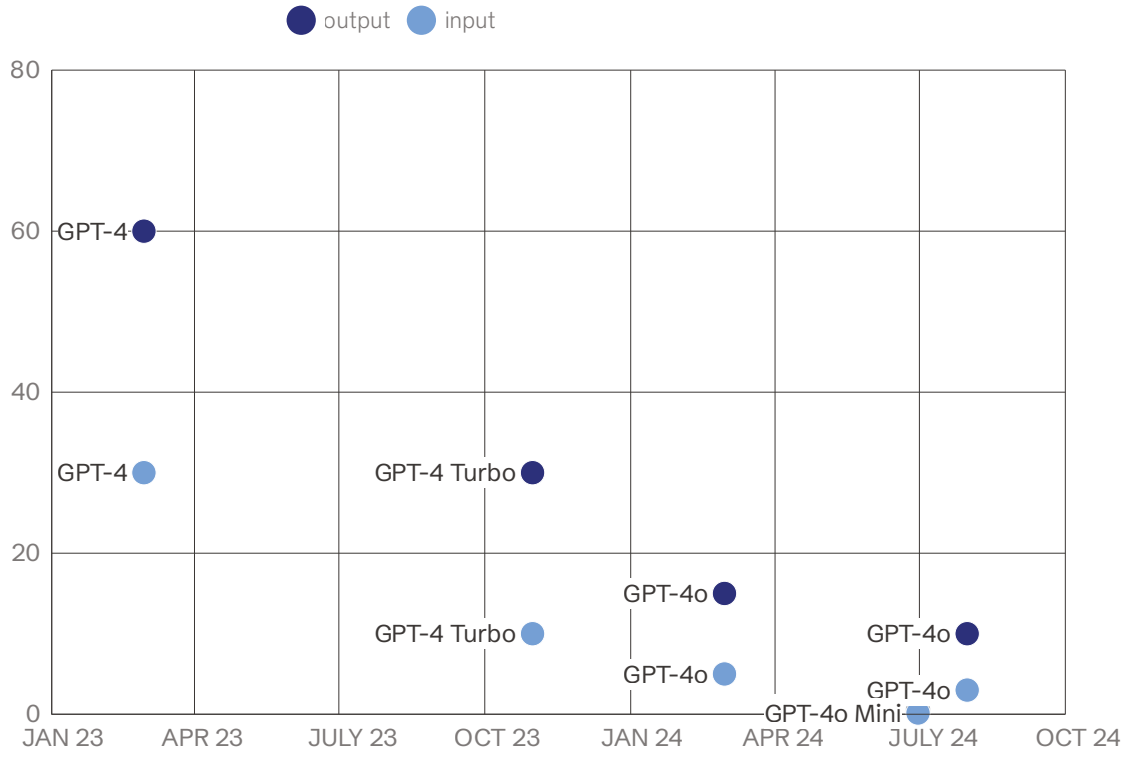
A thriving open-source AI ecosystem is rapidly taking shape at the frontier, driven by companies such as 01.AI, Alibaba, Black Forest Labs, Deepseek, Meta AI and Mistral AI, which are releasing high-quality models under permissive licenses. This openness is fueling rapid innovation, enabling researchers and developers to experiment, iterate and build upon each other's work at an unprecedented pace, reducing vendor lock-in. With access to cutting-edge open-AI models and tools, companies can develop cost-effective, customised solutions that can be securely deployed and scaled within their own environment.

That means the window for leadership remains open

Both the technology itself and its adoption remain in early stages, meaning the die is still being cast. Enterprises have yet to deploy AI at scale, and the underlying state of the art is evolving almost weekly. While heavily financed organisations pushing the AI frontier through large-scale experimentation are attracting top talent, shaping brand perception and distributing

Exhibit 1

Token cost of GPT 4 level models over time, $/million tokens



Source: OpenAI

cutting-edge capabilities to customers as first movers, the nascency of AI adoption and broad availability creates an opportunity for leaders to emerge and develop defensible business models.

AI does not suffer from historical barriers

The rise of AI agent systems — autonomous, outcome-driven entities capable of reasoning, planning and executing tasks with minimal human intervention — is enabling far more capable, flexible software than previous generations. These agents thrive in complex environments, gathering context, making decisions and collaborating with both humans and other agents to deliver units of work. As AI adoption scales in data- and context-rich environments — where they can continuously compound their intelligence through real-world feedback — these systems will level the playing field and drive exponential value.

Modern AI agent systems can integrate more natively across enterprise environments, regardless of their digital maturity. In the past, companies were disadvantaged by analog workflows, low cloud adoption rates and siloed systems. AI's versatility enables native ingestion of any form of data — including paper records and siloed IT systems — for any one employee to understand the breadth of the enterprise and do meaningful work through a natural language interface. This provides digital laggards the potential to leapfrog by building AI-centric operations.

Furthermore, unlike previous software constrained by rigid architectures, costly customisations and extensive change management, AI scales effortlessly across industries and geographies. AI interfaces are inherently dynamic, adapting across languages, socioeconomic and cultural contexts, operational frameworks and regulatory landscapes. This makes hyper-localisation and hyper-personalisation economically viable, enabling businesses to serve fragmented markets that were once too complex or cost-prohibitive.

AI is a "transformation game"

The AI opportunity has the potential for a series of transformations — step changes that will fundamentally reshape structures in our lives. By examining how AI transformations occur, we can understand how to rewrite the playbook for shared prosperity.

Technology transformation. AI is compressing the traditional innovation cycle, accelerating the journey from scientific discovery to engineering breakthroughs to widespread product adoption. What once took years — from ideation to commercialisation — is now occurring in record time.

Workforce transformation. Technology transformation in turn changes the ways we work. AI renders the world's knowledge accessible *and* explainable to all, removing barriers to understanding, upskilling and reskilling. This democratisation means the barriers to understanding even the most complex or analytical concepts are steadily eroding, enabling a greater degree of economic mobility.

Commercial transformation. AI is not merely a tool for boosting operational efficiency — it is redefining the very nature of commerce. Traditional commercial frameworks are evolving into outcome-focused models. AI is catalysing the creation of entirely new business models in which dynamic pricing and adaptive product offerings become the norm, shifting businesses into an economic paradigm that rewards radical customer-centricity.

All of this culminates in:

Societal transformation. If the fabric of our professions and the way we interact with the world changes, our broader way of life is likely to change as well. At its best, AI can challenge long-standing power dynamics, creating opportunities for more equitable participation in economic and social decision-making and bridging gaps in access to critical resources for underserved communities. Ultimately, if implemented thoughtfully, AI can be an agent of democratisation rather than hegemony — but such an outcome requires concerted, para-governmental effort.

This transformation game plays to Europe's core strengths

The dynamics of AI open the door for a more level playing field — one that directly aligns with Europe's DNA and strategic positioning. The factors below position Europe to compete on a more equal footing in the AI era and enable us to drive homegrown AI innovation and shape the next wave of AI transformation in industry.

First, Europe's *research prowess and open-source culture* provide a critical foundation for leading in technology transformation. Despite the perennial worry of brain drain, Europe's leading universities and research institutes continue to produce top AI scientists and engineers, on par with those of the United States. These experts have built some of the world's most important and widely used frontier models — including nine of the top 10 open-source ones. This strong open-source ethos provides a strong technical backbone for Europe to build uniquely European AI solutions for the world.

Second, Europe's *economy is rooted in advanced engineering, specialised manufacturing and highly regulated sectors* such as automotive, aerospace and defence, and life sciences. These sectors are characterised by rigorous operational standards, specialised domain expertise and large-scale proprietary real-world data sets — offering fertile ground for globally competitive industrial AI systems to be built. Moreover, Europe's rich tapestry of highly specialised enterprises — supported by many "hidden champions" in engineering — provides test beds for fast iteration, creating the environment for leapfrogging ahead.

Third, Europe's *cultural and linguistic diversity* positions it as the natural leader in building AI that can operate across global markets. AI systems developed in Europe must be engineered to accommodate multiple languages and cultural nuances. This gives Europe an edge in hyper-localisation and hyper-personalisation, with the unique levels of adaptability and flexibility required to deeply integrate AI in the fabric of diverse societies.

Fourth, while Europe's re*gulatory focus* is often framed as a constraint, the trust it fosters can also serve as a strategic advantage. In an era when businesses and consumers alike are increasingly prioritising security and privacy, European-led standards and frameworks can inspire confidence and attract enterprises seeking robust, future-proof solutions. Sectors such as finance, healthcare and energy — where risk mitigation is mission-critical — stand to benefit from AI built on European principles.

Finally, Europe's social contract — with active policies aimed at reducing poverty and redistributing wealth — provides a strong foundation for navigating societal transformation. If European governments, industry leaders and start-ups can showcase how AI can drive productivity and improve — while preserving — human fulfilment and social safeguards, they can define an attractive template for other regions looking beyond pure profit maximisation.

With AI's foundations not yet solidified and the current direction opening more rather than fewer opportunities, Europe has a clear window in which to lead. By harnessing its collective strengths, it can shape AI on its own terms and drive innovation that is both globally competitive and uniquely suited to serve the European economy.

THE AI IMPERATIVE FOR EUROPE

A fork in the road

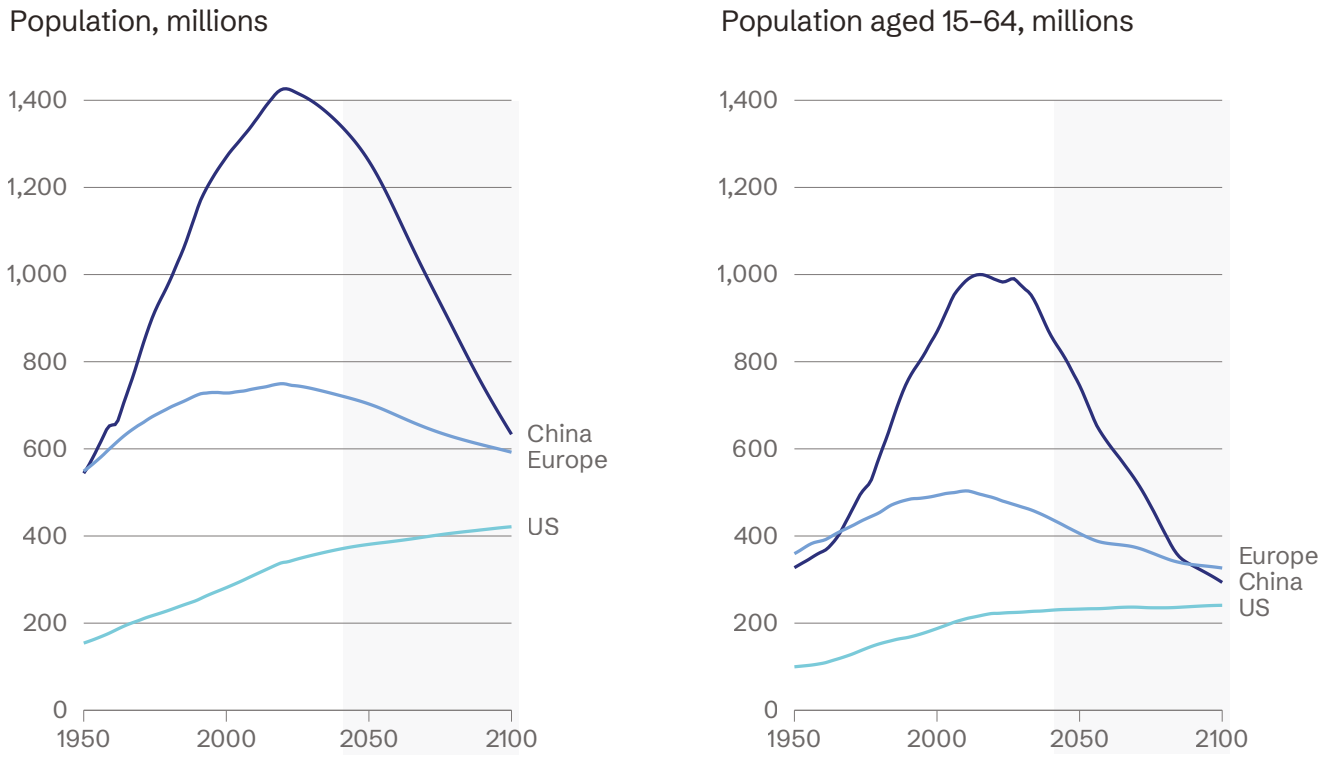
Faced with a series of deep-rooted structural challenges, Europe faces threats to its long-term stability, economic competitiveness and strategic autonomy. Historically, Europe offset its shortcomings in technology leadership with global leadership in traditional real-economy industries. However, the rise of transversal technologies is reshaping profit pools across all sectors, fundamentally altering the global competitive landscape. Without a robust foothold in these cross-cutting innovations, Europe risks missing the next wave of growth and eroding the economic strengths that have long underpinned its global standing.

Economic growth has been slowing in Europe since the start of the century, exacerbated by a widening productivity gap with the United States. This largely stems from missed opportunities in technology, from both slower technology diffusion and a weaker presence in high-growth technology sectors.[1]

Compounding Europe's economic predicament is an unprecedented demographic transformation. With a rapidly aging population and a declining workforce — expected to decline by nearly 2 million workers annually until 2040 — the continent risks a slowdown in economic growth by 0.4% per year from 2023 to 2050.[2][3]

Exhibit 2

Long-term population projections



Note: Values as of 1 July of the indicated year. Projections from 2024 onwards are based on the UN's medium scenario.
Source: European Commission

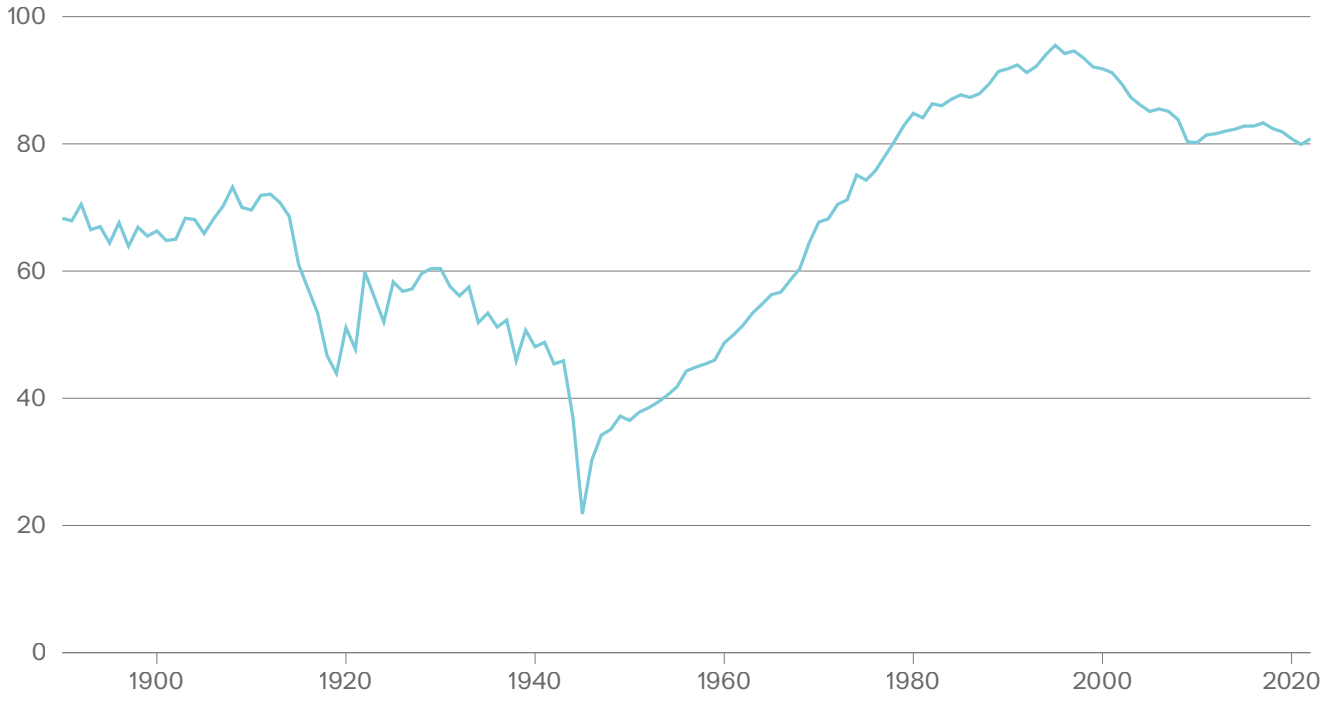
[1] Draghi, M.(2024) *The future of European competitiveness – a competitiveness strategy for Europe.*
[2] Ibid.
[3] McKinsey Global Institute. (2025) *Dependency and depopulation? Confronting the consequences of a new demographic reality*

Additionally, Europe's industries are squeezed by rising global competition. Export sectors employing more than 30 million people face supply chain disruptions from eroding trade frameworks and geopolitical instability. Fierce competition from China in manufacturing, and looming tariff threats from the US, undermine Europe's industrial competitiveness.

This confluence of factors demands a strategic reassessment of Europe's economic vision and the role AI could play in it.

Exhibit 3

EU versus US labour productivity 1890–2022, Index, US=100



Source: European Commission

Necessity is the mother of invention

AI stands as a critical lever for transcending these headwinds, unlocking productivity and supercharge Europe's economic growth.

AI decouples productivity and labor

AI performs both cognitive and physical workloads autonomously with unprecedented scale, removing supply-side constraints, enabling the reshoring of production and service operations and reinforcing strategic industries — laying the groundwork for a new era of abundance focused on outcomes.

This "decoupling of productivity and labor" is Europe's applied AI opportunity. We highlight a few key examples below in Europe's most critical industries:

- **Manufacturing.** In software-defined factories, AI-powered robotics could convert high-level human instructions into precise, actionable commands. This would enable AI to autonomously orchestrate complex workflows and perform fine-grained motor control, ensuring flexible and dynamic production systems adjusting in real time to custom orders and unforeseen challenges. Europe could reenergise manufacturing with AI, creating enduring jobs while strengthening supply chains.

- **Healthcare.** In a human-agentic clinical workforce, safety-tested AI could proactively engage with patients, monitor chronic conditions and coordinate care with clinicians — in any language, with endless patience and empathy. By expanding clinical capacity with AI, Europe could adopt new care delivery models that prioritise healthier, prosperous populations, empowering clinicians to practice beyond the top of their license and drive greater economic productivity.

- **Defence.** In modern defence systems, AI could upgrade existing equipment and create new strategic capabilities to meet emerging threats. With AI-native sensing and processing capabilities, military personnel could significantly enhance situational awareness and decision-making precision in planes and tanks. More novel platforms, such as autonomous drones and robotics, could execute complex operations in high-risk environments with high accuracy, reducing human exposure to danger while ensuring European deterrence and technological leapfrogging.

- **Public sector.** In government, AI could lead the shift from transactional interactions toward relational governance. Broad policy goals would be translated by AI into context-aware interventions and adapt to the dynamic needs of individuals and communities, making governance more efficient and citizen-centric. As a result, AI-native administrations would evolve from rules-based, compliance-driven entities to ones that deliver trust at scale, reinforcing the social contract.

AI drives modernisation of critical infrastructure

Beyond productivity, AI can catalyse the modernisation of Europe's critical infrastructure and systems. Given the scale and complexity of these investments, it will be important for Europe to make deliberate decisions about which areas require true agency.

This "modern AI backbone" is Europe's opportunity to modernise and invest in critical infrastructure. We highlight a few key examples below in Europe's most critical infrastructure:

- **Foundation models:** AI transformation will hinge on sustained access to frontier models and tools. Compounding Europe's leadership in the open-source AI ecosystem would provide a unique opportunity to ensure strategic alignment with European businesses imperatives.

- **Energy:** AI transformation will require substantial new power capacity and a modernised grid capable of supporting massive energy demands. Europe's leading renewable-energy and nuclear technology could provide a strong foundation for scaling production while ensuring energy security.

- **Semiconductor manufacturing:** AI transformation will demand secure, predictable and scalable semiconductor chip supplies for compute infrastructure. Europe's world-leading semiconductor equipment could serve as a critical

linchpin in this effort, anchoring entire ecosystems of chipmakers, materials suppliers and R&D initiatives, reinforcing strategic autonomy and boosting global competitiveness.

Europe's AI economic opportunity

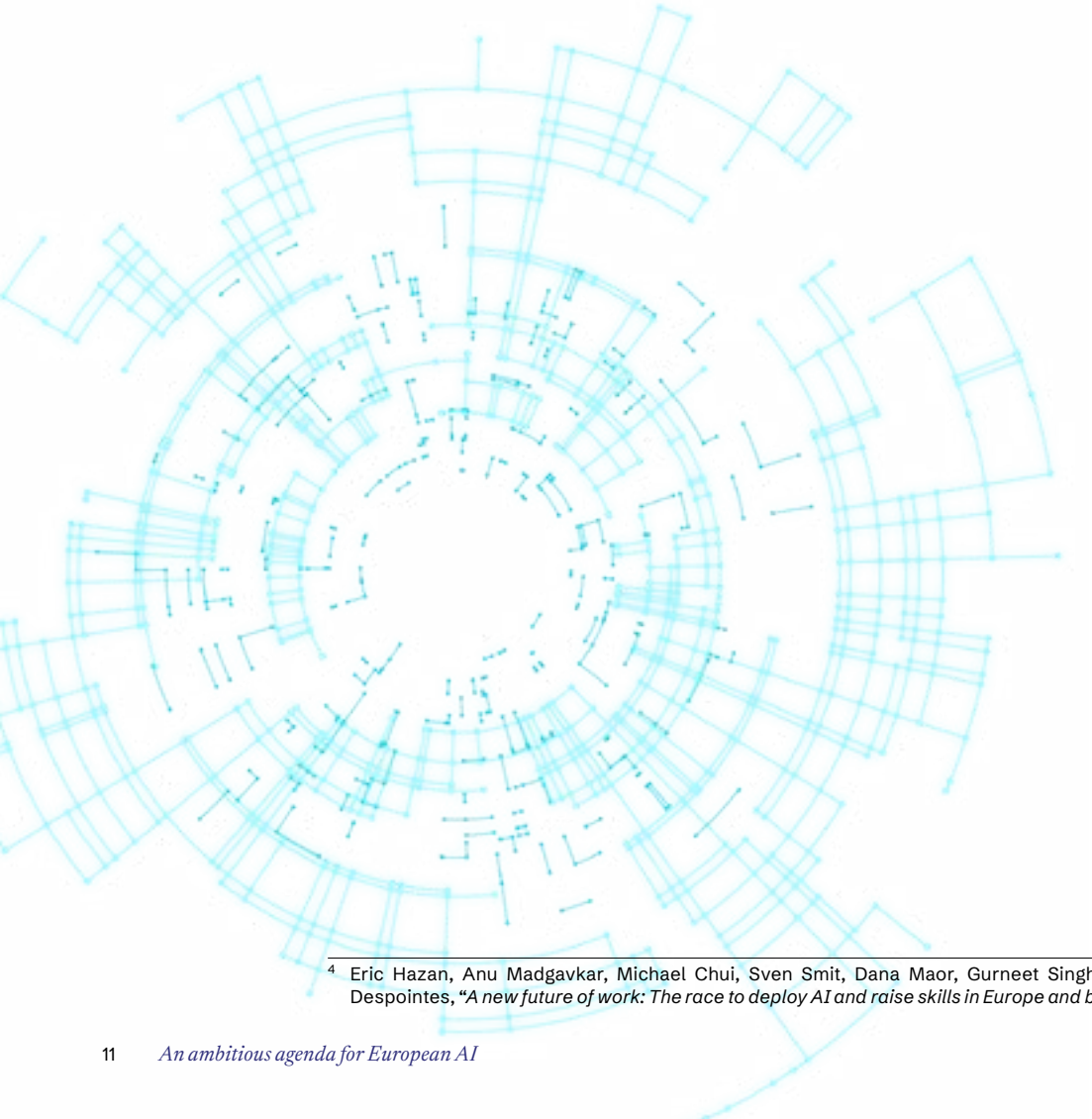
Accurately predicting the impact of emerging technologies is a challenging exercise — one human beings historically have a mixed record with. Early projections indicate generative AI could drive an annual productivity increase of up to 3% through 2030, potentially adding more than €575 billion in economic value each year[4]. Beyond immediate gains, large enterprises anticipate that full-scale AI transformation will deliver two to three times more value than cloud computing. Given that the EU's Digital Decade agenda estimates cloud computing could unlock €2.8 trillion by 2030, AI's economic potential is significantly larger.

Our findings reinforce this outlook. Some business leaders estimate a a tripling or quadrupling of market capitalisation within three to five years, fueled by operational efficiencies, new market opportunities, product innovation and broader organisational transformation. This underscores a compelling case for accelerating AI adoption — potentially unlocking trillions in additional market value for Europe's economy.

Running together on the AI road

Europe's challenges — be they economic, demographic, or geopolitical — demand bold solutions. AI offers a transformative opportunity to decouple productivity from labor and modernize essential infrastructure, in turn spurring economic growth. By embracing AI, Europe can not only overcome its current headwinds but unlock trillions of euros in market value that can help underpin a future that's both more prosperous and more resilient.

However, turning Europe's courage and audacity in AI into sustainable growth and resilience requires purposeful momentum. We will need to align technology innovation, industrial collaboration, and supportive policy to mobilize the talent and capital needed for large-scale AI adoption. This transformation requires a 'Grand Bargain' for activation that all starts with a spark — precisely what we highlight in the next chapter.

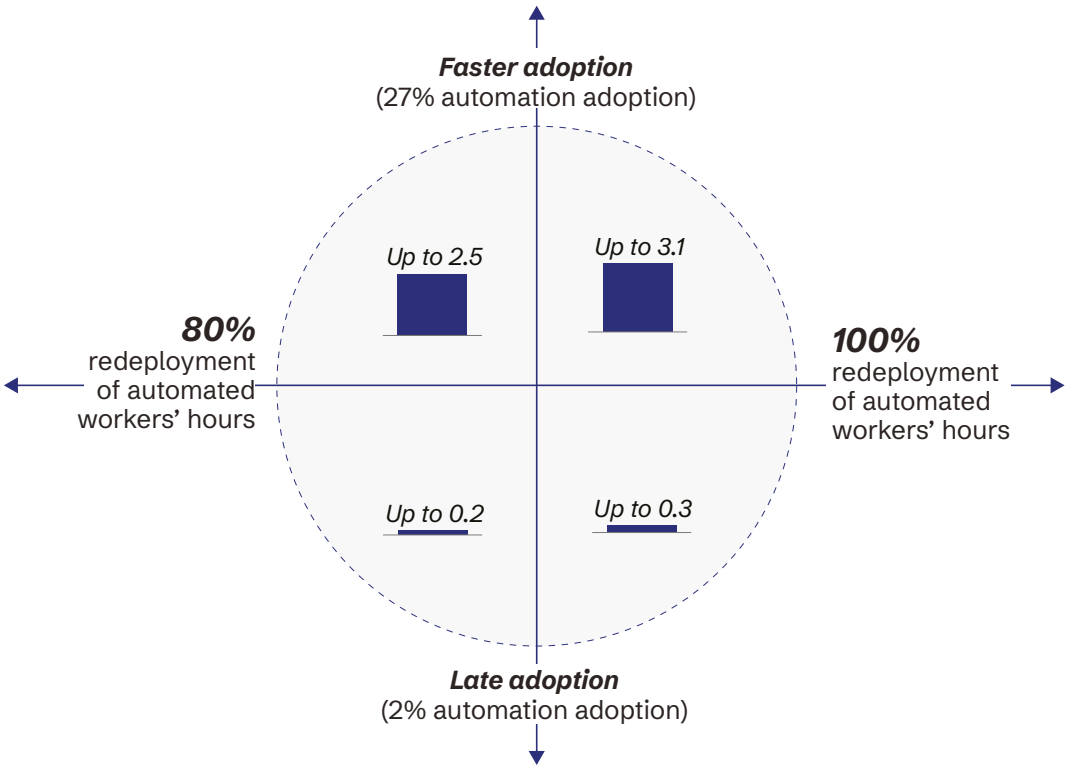


[4] Eric Hazan, Anu Madgavkar, Michael Chui, Sven Smit, Dana Maor, Gurneet Singh Dandona, and Roland Huyghues-Despointes, *"A new future of work: The race to deploy AI and raise skills in Europe and beyond,"* MGI, May 21, 2024.

Exhibit 4

AI could help Europe achieve an annual productivity growth rate of up to 3 percent through 2030.

Potential annual labor productivity growth rate in Europe[1] until 2030, %

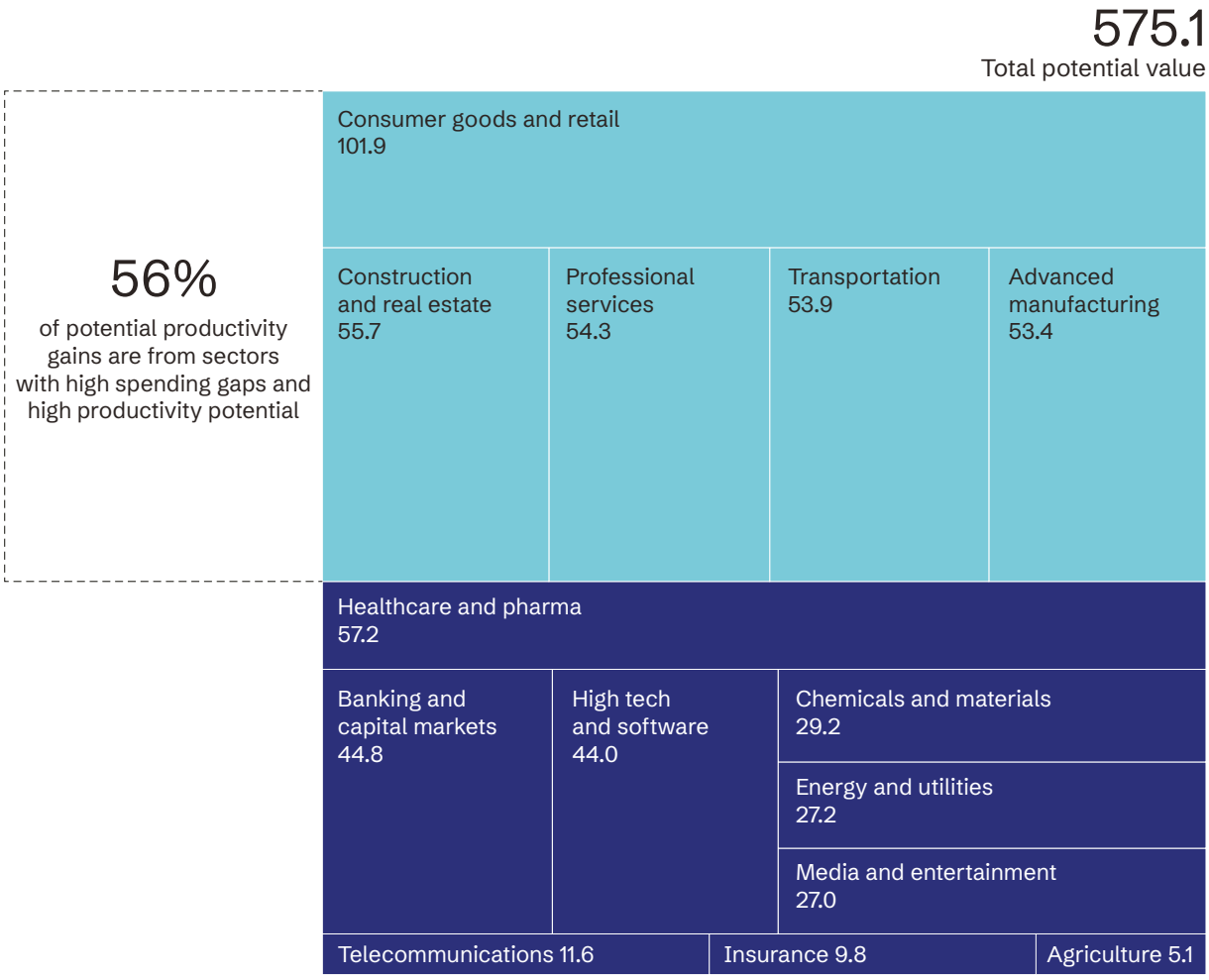


[1]Includes Czech Republic, Denmark, France, Germany, Italy, Netherlands, Poland, Spain, Sweden, and United Kingdom.
Source: McKinsey & Company

Exhibit 5

Generative AI could add $575.1 billion to the European economy by 2030.

Generative AI productivity potential in Western Europe in 2030, by sector, $ billion[1]

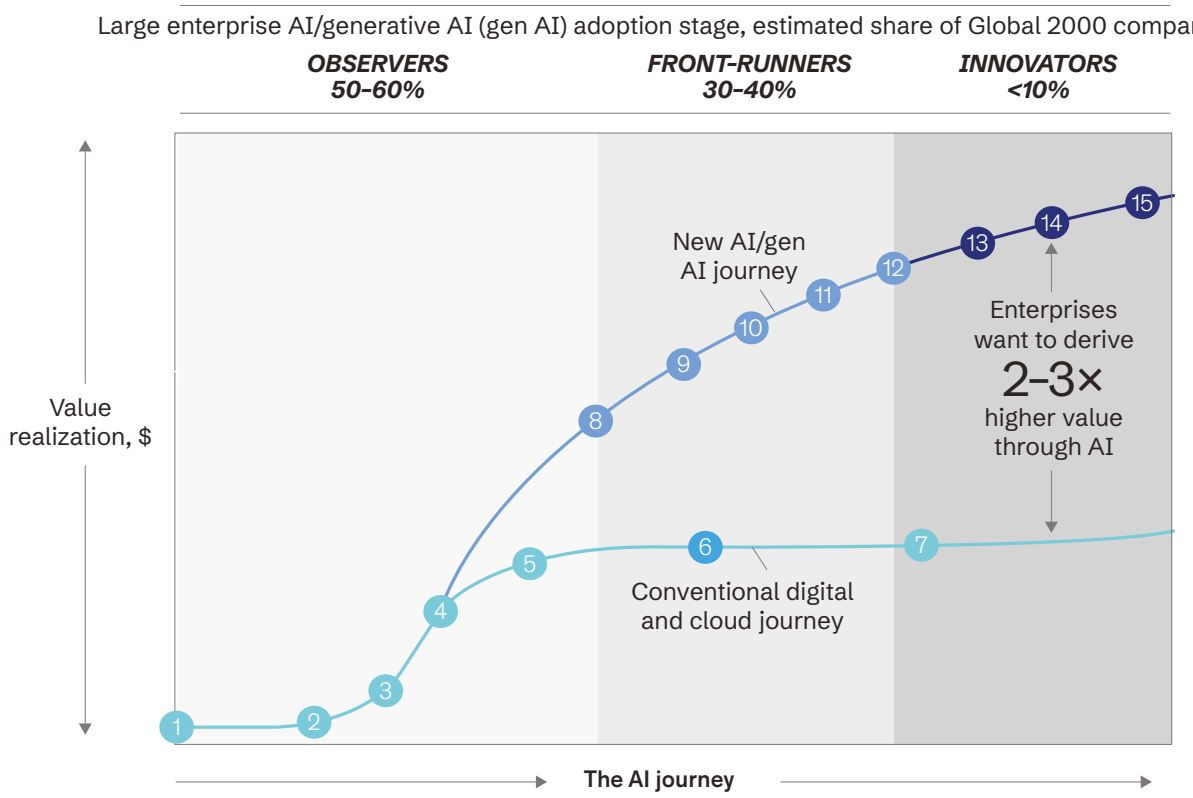


[1]Western Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and UK. Potential value add from 2019 base period.
Source: McKinsey & Company

Exhibit 6

AI/generative AI transformation is a multistep, multimodal journey, and most large enterprises are still in the early stage of adoption.

Enterprise cloud, data, and AI value realization through technology transformation



Conventional cloud transformation, at-scale migration of apps, followed by modernization and native app development

1. Cloud advisory and design
2. Cloud migration
3. Application modernization
4. Native app development
5. Cloud testing, financial operations, and multihybrid management
6. Managed Cloud Services[1]
7. Cloud operations

AI innovation on the cloud over a "Data on Cloud" foundation

8. Data engineering
9. Data migration to the cloud[2]
10. AI-enabled IT modernization[3]
11. AI use case development and strategic road map
12. Data product design and monetization

Long-term, end-to-end AI transformation unlocked by building a modern AI tech stack

13. AI-first inframodernization[4]
14. AI use case scale-up across functions
15. AI operations and enablers[5]

[1]For example, security. [2]At scale. [3]For example, legacy code upgrade, AI-enabled service desk. [4]Custom LLM fine-tuning, etc. [5]Including MLOps, shared use cases, and data collaboration.
Source: McKinsey & Company

SPOTLIGHTS - AI IN MOTION

The first sparks of AI's transformative potential in Europe are here.

This chapter showcases "lighthouse examples" from leading companies in pivotal industries: Aerospace and Defence, Automotive Manufacturing and Supply Chain, Consumer and Retail, Enterprise Software, Financial Services, Life Sciences and Healthcare, Robotics, Shipping and Logistics, and Telecommunications.

Across Europe, businesses are bringing AI to life. While this is only the beginning, real-world applications are already changing work processes, unlocking new business models, and improving resilience, highlighting the immense potential if scaled across sectors. This is AI in Motion — the first steps toward a transformative journey for European industry.

SPOTLIGHT: AEROSPACE AND DEFENCE

As Europe looks to assure its future deterrence capabilities in defence, AI can bring groundbreaking advancements in decision-making and operational efficiency that will determine future mission success.

After decades of underinvestment in defence, Europe is confronting an increasingly volatile geopolitical landscape with active conflicts threatening regional stability and security. This has reshaped defence priorities, driving increased spending and a renewed focus on reshoring domestic defence production.

But funding alone isn't enough — speed to market is critical to ensure both deterrence and technological parity. The Ukrainian battlefield has proven AI-powered 'precision mass' (mass producible drones and robotics) can offset numerical disadvantages in expensive legacy systems such as tanks and fighter jets. AI transformation of manufacturing also offers the chance to mass-produce today's battle-winning systems in the expedited timeframes necessary. If Europe is to remain competitive on the battlefield, credible in deterrence, and secure our values, it has no choice but to accelerate AI adoption.

AI is also redefining space exploration and satellite operations. Intelligent algorithms have proven essential for the development of next-generation satellite constellations, ensuring efficient and secure communication and global connectivity. Defence and space dependencies increasingly intersect, necessitating leadership in AI for both sectors to ensure Europe's agility, innovation, and resilience.

Such leadership requires not only more financing, AI infrastructure, and software standards, but radical collaboration to complement traditional industries with frontier intelligence and deep tech specialists, creating a truly resilient, innovative and agile European ecosystem. The flagship strategic partnerships below show Europe can regain its competitive edge and secure our future.

Helsing and Mistral AI: Pioneers in AI for defence and frontier AI form strategic partnerships

Helsing and **Mistral AI** are leading the charge in the integration of artificial intelligence within the defence sector through their newly formed strategic partnership, paving the way for the next generation of defence technology. Their joint effort will focus on the development of Vision-Language-Action models that aim to enhance the functionality of future robotics platforms. These models will be crucial in enabling seamless interaction and communication between autonomous systems and human operators, thereby enhancing operational efficiency. This partnership marks a significant step to secure Europe's position at the frontier of the global defence applications.

Loft Orbital and Helsing: New Space, New Defence: Partner for next-gen, AI-powered space-based ISR.

Loft Orbital and **Helsing** are redefining defense intelligence by creating an AI-powered multi-sensor ISR constellation, delivering a 10x increase in the speed of military operations by 2026. Ten initial LEO satellites from Loft, equipped with diverse cameras and RF sensors, will leverage Helsing's on-orbit AI processing for real-time identification and classification of global military assets, complementing sovereign assets. With high reactivity, short revisit periods, and low latency, the system will enable tactical use of space assets. An automated, AI-based ground segment ensures high-value services and continuous upgrades, ushering a new era for European space.

Safran and Pelico: Building a resilient European defense supply chain

Safran is transforming its supply chain operations through Pelico's AI-powered platform. By leveraging **Pelico**, Safran empowers factory teams to surface supply chain disruption risk earlier and respond faster with intelligent, coordinated actions. The platform enables real-time synchronisation, mitigation plan identification and smart recommendations such as planning changes or resource reallocations. These capabilities have driven measurable improvements for Safran, including an 80% increase in team productivity, a 73% reduction in part shortages, and a 15% boost in on-time deliveries.

Airbus: Engineering the future of aircraft assembly

Airbus is redefining aerospace manufacturing through its GenAiR program, integrating generative AI with human expertise to optimize aircraft design, production, and support. AI-powered assistance is already providing engineers with real-time, model-specific technical support. Future applications include empowering operators with instant access to critical data, enabling smarter, faster decision-making to streamline workflows, minimize errors and ensure seamless manufacturing. This AI-driven transformation aims to set new industry standards for safety, reliability and sustainability while positioning Europe's aerospace workforce at the forefront of global innovation.

Leonardo Helicopters and PhysicsX: Redefining aerospace engineering with AI

Leonardo Helicopters and PhysicsX are advancing aerospace engineering with AI, transforming every stage of product development. During aircraft design and testing, AI-driven virtual twins replace costly bespoke sensors to predict helicopter dynamics across various flight scenarios. This significantly reduces certification time, thereby cutting costs and time to market. In manufacturing, AI-powered defect prediction accelerates legacy processes by over 100x, enabling operators to instantly correct any variability on the production line, reducing costs and lead times. AI-enabled navigation tools improve reliability and pilot experience in pre-flight operations by providing a real-time acoustic footprint prediction and allowing for dynamic flight path adjustments for compliance with EU aircraft noise regulations. By combining AI with deep engineering expertise to enhance helicopter production and operations, Leonardo and PhysicsX are setting a new benchmark for aviation efficiency and performance.

SPOTLIGHT: AUTOMOTIVE MANUFACTURING AND SUPPLY CHAIN

Europe can become a global leader where intelligent automotive is both pioneered and scaled by collaborating across the supply chains, transforming production operations, and reinventing the consumer experiences.

The automotive industry is a cornerstone of Europe's economic strength and technological heritage. For decades, the industry has been an important contributor to the continent's economic growth, innovation, and prosperity, accounting for almost 7% of GDP and responsible for employing almost 14 million people.

Yet the status quo is being challenged. The shift from internal combustion engines to electrified powertrains — and from hardware-centric to software-driven differentiation — has intensified global competition by opening doors for new entrants, especially in China, the world's largest automotive market. China has leapfrogged the West in its ability to deploy highly sophisticated, affordable EVs at scale. The fierce race towards electrification, automation and connectivity requires a recalibration of the automotive stack and the hardware architecture, with the Automotive Electronic Control Unit (ECU) at its center, offering Europe an opportunity to regain its market share by leaning on new technologies and development best practices.

To maintain its competitive edge, Europe's automotive sector must embrace AI and collaborate more intentionally across its value chain. By doing so, the industry can evolve into an intelligent ecosystem that achieves structural cost advantages, strengthens supply chain resilience and modularity, transforms the workforce, and accelerates innovation in critical technologies. AI-driven factories will operate interconnected, self-optimizing systems — enhancing efficiency through predictive maintenance, automated procurement and empowering workers with real-time data. Flexible production systems will seamlessly manufacture electric, hybrid and combustion models on the same line, dynamically adapting to demand. Digital twins will enable continuous test and evaluation of hardware and software integration and optimize decision-making, setting a global benchmark for industrial excellence. AI can also facilitate secure, standardized, and real-time data exchange, empowering initiatives like Catena-X and enabling new collaboration models.

Executing on this vision requires action from key stakeholders across the regional ecosystem. European companies are already taking a bold step toward this future.

Stellantis and Mistral AI: Elevating the driving experience

Stellantis is transforming the driving experience with **Mistral** AI's edge models, bringing real-time, multilingual support directly into its vehicles. AI-powered conversational user manuals provide instant troubleshooting without cloud dependency — enhancing convenience, safety, and privacy. By embedding AI at the core of mobility, Stellantis is setting a new industry standard, making its vehicles more intuitive while reducing service costs and downtime. This shift also creates a platform for Stellantis to continuously innovate, positioning the company at the forefront of the next-generation mobility ecosystem.

Mercedes-Benz: Transforming production efficiency with digital twins

Mercedes-Benz is testing language models in production, thereby accelerating the use of intelligent tools in the digital ecosystem of the MO360 production. With the goal of optimising the analysis of production data, for example from quality management, AI-chatbots will serve as a universal, language-based interface to support employees in production. The use of AI thus accelerates error identification and analysis, as well as quality management and process optimisation at Mercedes-Benz.

ZF Friedrichshafen: Accelerating planning cycles and driving quality

ZF Friedrichshafen has created a Digital Manufacturing Platform (DMP) that connects to 7,000 machines across 60 plants together with core software systems. With 12 AI-powered applications already deployed, sF has accelerated planning cycles by 16x and enhanced quality through AI-driven optical inspections. But the impact goes far beyond production — ZF is harnessing AI across the entire value chain, from optimising product development with intelligent design and requirement analysis, to pioneering AI-driven procurement that autonomously negotiates purchases, unlocking immediate cost savings. With this AI transformation, sF not only improves its own economic outcomes, but can power the global competitiveness of Europe's industrial ecosystem.

Porsche and Applied Intuition: Delivering rapid and iterative software updates

Porsche and **Applied Intuition** formed a strategic partnership to develop, deploy, and update vehicle software. As software is becoming increasingly central to vehicle performance, integrating and updating software components purchased from different vendors is essential. Iterative software-based testing is critical to reduce dependencies on black-box suppliers and ensure modularity. The collaboration with Applied Intuition has enabled Porsche to design the software of its future vehicles centered on unique consumer experiences.

SPOTLIGHT: CONSUMER AND RETAIL

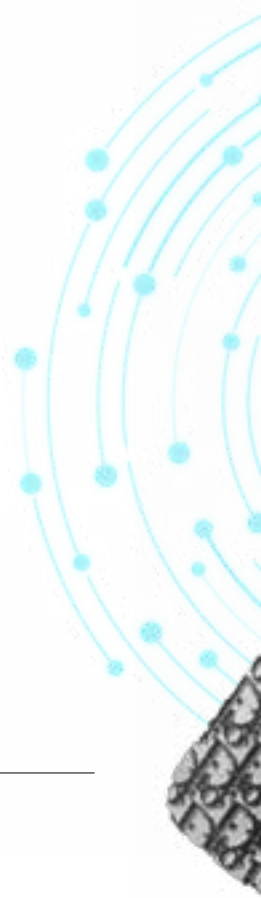
Europe can compound its consumer leadership by supercharging its value chains with intelligence, from product innovation to targeted distribution and next-gen commerce experiences.

The consumer and retail sector is a crucial economic driver deeply ingrained in Europe's DNA. With a gross value added exceeding €1.4 trillion, this sector generates the highest value among all industrial ecosystems and employs more than 30 million people. However, the landscape is rapidly changing, with evolving consumer demands, global supply chain challenges, and intensifying competition from the shift to digital distribution channels.

European luxury brands exemplify the successful digital transformation, capturing value through digital innovation while preserving their cultural heritage. The sector's remarkable growth in market capitalization reflects strong global demand for European craftsmanship and traditions as companies strategically balance digital advancement with their authentic continental identity and centuries-old savoir-faire.

Maintaining its leadership demands Europe's consumer and retail sectors integrate AI at every stage of their value chains: from precision consumer insights for product ideation to targeted distribution and hyper-personalised customer experiences. AI enables predictive modelling and real-time optimisations, from pricing, to waste, and sustainability, with Gen AI alone estimated to bring a potential impact of $400-600 billion a year for the global consumer and retail sector.[5]

Leading companies, such as Kering, L'Oreal Group, Heineken, and Spotify are already demonstrating tangible benefits. These flagship use cases not only showcase the transformative power of AI but also set new standards for driving innovation, growth and sustainability across the consumer and retail landscape.



[5] McKinsey & Company (2023). *The economic potential of generative AI: The next productivity frontier.*

Kering: Transforming the luxury sale experience

Kering is redefining luxury retail, blending heritage with technology to create exceptional customer experiences. With predictive analytics, supply chain teams are able to anticipate consumer demand with a good level of precision, ensuring the right products are available in the right stores at the right time. AI-augmented merchandisers will help refine decisions on collection planning and visual displays. In stores, image-based search will equip sales associates to identify and offer instant, personalised products. This transformation goes beyond driving sales — it will set new global standards for luxury, showing that European craftsmanship isn't just adapting to the future, it's defining it.

L'Oréal Groupe: Creating an AI-powered beauty companion and shopping assistant

With 70% of consumers feeling overwhelmed by the sheer number of beauty products on the market, **L'Oréal Groupe** is redefining how consumers discover and select beauty products with Beauty Genius by L'Oréal Paris – a Gen AI-powered personal beauty assistant. The world's leading beauty brand leverages its unique beauty knowledge, combined with GenAI, augmented reality, computer vision, and color science to deliver personalised diagnostics, product recommendations, and educational content across haircare, hair color, skincare, and makeup. Using high-tech selfies and user input, Beauty Genius analyses skin based on 10+ parameters and offers tailored beauty routines and product matches. Trained on over 150,000 dermatologist-annotated images and powered by a proprietary chain of reasoning and semantic filters, it provides personalised recommendations from over 750 L'Oréal Paris products, also offering personalised Q&A on intimate beauty topics. This first-of-its-kind service provides a state-of-the-art yet accessible beauty experience, 24/7.

Spotify: AI-DJ

Spotify's deep commitment to delivering the world's leading listening experience has already set the standard of how we discover, manage and interact with music. Through its new AI DJ, it takes this mission to new heights, blending cutting-edge personalisation technologies with a dynamic AI voice platform and human editorial expertise to better codify individual tastes, add context to music recommendations and integrate real-time feedback. This doesn't just enhance user engagement and retention; it empowers artists by fostering deeper connections with fans. As Spotify pushes the boundaries of AI-driven personalization, it continues to fuel the growth of the creative economy — in Europe and beyond — strengthening cultural exchange, and growing its overall listener audience.

SPOTLIGHT: ENERGY

Europe's energy ambitions need AI, and Europe's AI ambitions need energy. The continent has an opportunity to fundamentally reimagine how energy is produced, distributed, and consumed.

Energy is the lifeblood of Europe's economy and a key driver of its global competitiveness. Recent geopolitical shifts have intensified mounting challenges in the sector, with high prices and volatility creating uncertainty and hindering investment across the European economy. In 2023, nearly 60% of European companies cited energy costs as a major barrier to investment. At the same time, the sector remains a major source of emissions, accounting for more than 20% of the EU's total greenhouse gas emissions. To strengthen geopolitical independence, enhance price competitiveness and stability, and achieve carbon neutrality, Europe needs to rethink how energy is generated, distributed and consumed.

As Europe transforms its energy system from centralised, predictable energy production to decentralised, intermittent renewable alternatives, AI will be instrumental in orchestrating complexities that come with changing infrastructure in front and behind the meter. At the grid level, AI-driven optimisation can enhance grid stability by forecasting energy generation of an increasing number and variety of live assets, balancing supply and demand, and reducing dependence on fossil-based backup power. At the company level, AI can enable businesses to navigate the energy transmission effectively and mitigate volatile energy costs through intelligent management systems that triage between local production, consumption, storage and market prices. Even when designing new renewables systems tailored to national or company-specific needs, AI can reduce time to market for getting these systems into production. In these ways, AI can be the accelerant to drive this mission-critical transformation and the factor that unlocks the full potential of this new ecosystem of assets.

Industry leaders are working with startups to modernise energy sustainability, resilience and competitiveness across Europe's energy landscape.

EDF and Mistral, with the help of Prism.ai and Exaion are powering Europe's sustainable AI future

EDF and **Mistral AI** combine their expertise to usher in a new era of sustainable and resilient energy in Europe. By integrating Mistral's generative AI models, and with the help of the French technology companies **Prism.AI** and **Exaion**, EDF intends to set up a secure and sovereign AI value chain based on carbon-free energy for its most sensitive and critical data while rapidly refining its state-of-the-art models across various areas of its operations. This lays the groundwork for continued development of innovative generative AI products and services, from real-time demand forecasting to predictive maintenance and project management, that deliver significant operational efficiency. With AI, EDF aims not only for a cleaner and more economical energy future for Europe, but also for Europe's ability to meet the growing demand for energy for its AI-based future.

TotalEnergies: Transforming wind and solar operations with AI

TotalEnergies has developed NOD, a cutting-edge real-time monitoring solution for managing global solar and wind renewable energy assets. It leverages advanced AI technologies to enhance the operational efficiency of more than 500 French renewable assets. NOD monitors production by analyzing theoretical capacity, planned production based on contextual factors, and actual production, enabling quick identification of discrepancies. It uses 8.000 hybrid AI models combining physical and machine learning methods, trained on historical data, to forecast energy production accurately. NOD reduces production loss risks, maintains operational excellence and safety, and supports strategic decision-making in operations ensuring continuous optimization and performance improvement in the renewable energy sector.

E.ON: AI-powered energy infrastructure

E.ON is pioneering infrastructure resilience for the energy transition with an AI solution which uses aerial images to analyze thousands of kilometers of grid networks. This AI system continuously monitors the surrounding vegetation and flags risks (e.g. trees growing too close to the power lines), providing utility operators with actionable insights. This innovative approach reduces manual inspections, enhances safety, and accelerates the entire process — making grid management more efficient and extending asset lifespans. With AI at its core, E.ON not only strengthens grid reliability and ensures scalable renewable energy delivery for millions of customers, but also sets a new standard for sustainable energy management across Europe.

Siemens Energy: Pioneering AI for sustainable, reliable and affordable energy

Siemens Energy leverages AI to enhance the quality of their products, solutions, and services, aiming to increase sustainability, reliability, and affordability of energy. The integration of AI into the design, testing, and operation of their newest-generation power plants has achieved record-breaking efficiency and operational flexibility. Computer vision technology powers solutions for inspecting thousands of kilometers of power lines, optimizing manufacturing process quality, and supporting the autonomous operation of plants and substations. Machine-learning-enabled digital twins of electrical grid assets enhance the utilization of the power grid, addressing fluctuations from the increasing integration of renewable energy. Together, these AI solutions set a new standard for more sustainable, reliable, and affordable energy to power Europe's future.

SPOTLIGHT: ENTERPRISE SOFTWARE

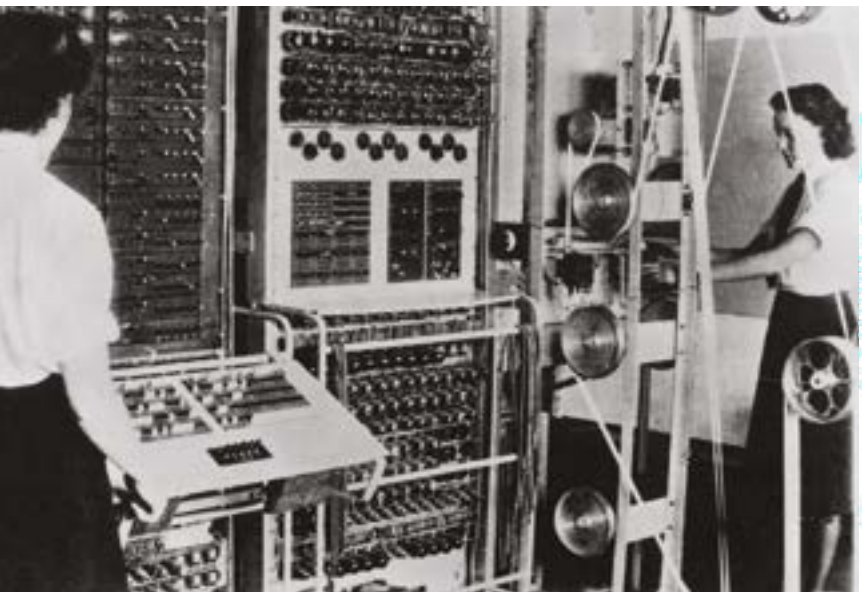
European enterprise software is undergoing an AI renaissance. The technology is transforming both how software is produced through code generation models and consumed via novel interfaces. The rise of AI agent systems – autonomous, outcome-driven entities capable of reasoning, planning, and executing tasks with minimal human intervention – is enabling far more capable, flexible software than previous generations, turning traditional technical and commercial barriers for Europe's software companies into opportunities.

Enterprise software stands at the precipice of its most profound transformation since the advent of cloud computing. As AI systems evolve from simple automation tools into sophisticated agents capable of reasoning, planning, and executing complex tasks, they are fundamentally reshaping how organizations operate

From a historical context, AI represents a third step-change in computing, following two transformative waves. The first was the transistor, which allowed us to put computing anywhere useful. The second was networking, which became a force multiplier by enabling multiple nodes of computing to team up and scale specific tasks. Now, as we enter the third wave with AI, we are witnessing a democratization of capability combined with the evolution of foundation models and the flourishing open-source AI ecosystem.

The advancement of AI has created a real moment of opportunity for enterprise software innovation in Europe. Companies are no longer bound by rigid architectures or costly customization requirements but can leverage AI to create dynamic, adaptable systems that scale across languages and cultural settings. As AI adoption increases in data- and context-rich environments — where they can continuously compound their intelligence through real-world feedback — these systems will level the playing field and drive exponential value.

Industry leaders along with an exciting cluster of innovators are pioneering to reshape businesses in an AI-driven future.



SAP and Mistral AI: Powering Europe's AI-driven workforce

SAP and **Mistral AI** are reinventing enterprise software together to power Europe's future human-agentic workforce. By integrating Mistral AI's models in SAP's trusted and secure environment, global enterprises can work safely with their proprietary data to codify their industry-specific processes into frontier models. This not only enhances the functionality of core SAP applications, but also critically amplifies their customer's competitive advantage by scaling their market-leading domain expertise. This partnership marks a significant step to secure Europe's position at the forefront of global AI leadership and safeguard Europe's future in the evolving digital economy.

Black Forest Labs and Mistral AI: Elevating Le Chat with multimodal creativity

Black Forest Labs (BFL), renowned for its widely adopted open source image models, has partnered with Mistral AI to integrate its FLUX 1.1 [pro] image generation model into Le Chat. This collaboration transforms **Mistral AI**'s Le Chat into a multimodal, creative tool, enabling users to generate both images and text during their conversations. Le Chat users now can utilise both Mistral's AI's powerful language and code models and BFL's image models within the same workflow, unlocking new creative possibilities and significantly boosting the assistant's appeal in a competitive AI market. The cooperative fusion of models from different companies and modalities is a prime example of how open source and strategic multimodal integrations can drive forward the next wave of innovative and interactive AI solutions.

Photoroom: Democratizing visual content creation

Photoroom is redefining content creation by making professional-grade image editing accessible to small businesses and Enterprise clients. Its AI-powered platform offers advanced tools like instant background removal, object retouching, and AI Backgrounds, enabling users to create polished visuals without requiring expensive equipment or technical expertise. With the rise of AI agents automating design workflows, Photoroom enables SMBs to achieve professional results effortlessly. Enterprises also rely on Photoroom's Image Editing API to scale image production and optimize operations. One company, for example, integrated Photoroom to automate background removal, leading to a 236% increase in order value and a 72% rise in click-through rates, while saving significant manual effort. Processing more than two billion images annually, Photoroom empowers SMEs and Enterprises alike to streamline workflows, reduce costs, and elevate their visual presence with AI-driven efficiency.

SPOTLIGHT: FINANCIAL SERVICES

AI is poised to redefine the financial services sector, enabling institutions to not only unlock unprecedented operational efficiency but also fortify their risk management frameworks.

For major financial players, AI is emerging as a cornerstone of strategic transformation, redefining customer engagement and investment strategies. Financial institutions harness AI to deliver personalized experiences through AI agents and customized product recommendations, while AI advisory services democratize sophisticated financial planning.

Moreover, the integration of AI-driven regulatory technology automates compliance and streamlines data management, aligning operational workflows with evolving legal standards. As firms tap into both structured and unstructured data — from customer interactions to financial documents — they are not only driving efficiency but also establishing a more stable, interoperable and resilient financial ecosystem, essential for maintaining trust and competitive advantage.

By automating routine tasks — from data entry and reconciliation to customer onboarding — AI empowers financial service providers to reduce costs and minimize errors, setting the stage for unparalleled productivity. Advanced algorithms now underpin real-time fraud detection, predictive risk analytics, and robust cybersecurity measures, ensuring institutions remain resilient in the face of increasingly complex global challenges. This technological evolution transforms traditional banking operations into dynamic, data-driven systems capable of navigating the uncertainties of today's geopolitical and regulatory landscapes.

Recognising this opportunity, industry leaders are collaborating with startups to drive financial resilience and competitiveness across Europe.

Deutsche Bank and Celonis: Transforming the customer journey

Deutsche Bank is leveraging **Celonis'** Process Intelligence Platform to analyse and further improve the bank's process landscape. One example is the KYC processes for the Corporate Bank and Investment Bank businesses, where Celonis was a key enabler to identify and address process bottlenecks. This has not only delivered cost savings but also improved the client experience via reduced processing times whilst ensuring regulatory compliance. Celonis and Deutsche Bank have just extended their relationship to further improve the client onboarding experience.

Adyen: Enhancing payment security and efficiency

Adyen harnesses AI technology for payment processing through Uplift, which is trained on over a trillion dollars worth of global payment data. The system demonstrates significant impact by balancing three key areas: payment conversion, fraud prevention, and cost optimization. For fraud management, Adyen has achieved an 86% reduction in manual fraud rules, with 35% of pilot customers completely eliminating the need for manual review. The AI-driven approach has delivered measurable results, including up to 6% increase in payment conversion rates for pilot customers, while specific merchants like Nord Security have seen up to 10% improvement in conversion rates. For retail merchants, the system leverages its vast database, having previously processed payments from 90% of incoming shoppers, enabling more accurate decision-making. Additionally, U.S. businesses can benefit from up to 5% reduction in payment processing costs through intelligent routing and optimization. These innovations showcase how Adyen's strategic AI implementations are revolutionising payment processing, improving fraud detection accuracy, and boosting merchant revenues while maintaining robust security measures.

Shift Technology: Revolutionising fraud detection with an Europe-wide AI network

Shift Technology is redefining fraud detection in the European insurance market with an AI-driven network that enhances cross-border collaboration and fraud prevention. By integrating billions of claims and policies and leveraging over 100 external data sources, Shift provides insurers with a solution for securely sharing intelligence that enables them to detect complex fraud schemes that would otherwise go unnoticed. Its advanced AI models provide insurers with real-time insights into emerging fraud patterns, enabling them to triple fraud detection accuracy and reduce claim resolution times by 60%. A standout example is Shift's collaboration with 20 European insurers in Belgium, France, Germany and Spain, where its shared fraud detection framework has significantly improved the identification of cross-border fraud while ensuring compliance with strict data protection standards. These innovations demonstrate how Shift's AI-powered solutions are transforming the insurance landscape—enhancing fraud prevention, accelerating claims handling, and reinforcing the industry's resilience against evolving threats.

SPOTLIGHT: LIFE SCIENCES AND HEALTHCARE

Europe has the potential to become the global hub where innovative medicines and care models are created and brought to market.

The healthcare and life sciences industry is a cornerstone of Europe's economic vitality and innovation. Accounting for approximately 10% of the region's GDP and employing around 8% of its workforce, the sector significantly contributes to economic growth and public health. Yet Europe's structural demographic decline, clinical workforce shortage and cash-strapped governments are creating unsustainable pressures for health systems. Moreover, the race to develop cutting-edge therapies in Europe is hampered by fragmented market access and limited availability of real-world data.

With AI, Europe can shift its healthcare and life sciences industry toward a proactive, personalized, and preventive system delivering world-leading outcomes at the lowest costs. With securely trained AI algorithms on Europe's large anonymised, longitudinal patient datasets, systems will have unmatched clinical intelligence that is infinitely patient and empathetic, detects risks earlier and delivers precise interventions. AI in drug discovery will shift from intuition to engineering, with accelerated target identification, optimised trial designs and improved safety reducing time-to-market for life-saving treatments.

Europe's rich set of industry leaders and startups are already building this future with targeted use cases.

Owkin and Sanofi: Pioneering AI biology reasoning from Europe

Owkin is transforming the medical landscape with a new operating system for biology reasoning based on multimodal data—from clinical records to histology and genomics from the best academic hospitals. In partnership with **Sanofi**, the company's predictive AI biomarkers deliver real-time insights into patient diagnosis and treatment outcomes, feed the drug life cycle, potentially cutting development time and costs while boosting the likelihood of successful therapies. By embedding AI-driven biology AI reasoning at the heart of healthcare, Owkin and Sanofi are setting a new industry standard—enabling patient-centric treatments and positioning Europe as a global leader in innovative healthcare solutions. By using AI at the core of medicine, Owkin and Sanofi are setting a new industry standard—one that harnesses Europe's uniquely diverse and rich health data to build a more proactive system that keeps people healthy, drives economic growth, and strengthens society as a whole.

Alan: Making healthcare more accessible

Alan has developed Mo, an AI health companion assistant integrated into its medical advice chat service. Mo answers member questions, understands their unique context, and bridges the gap between them and healthcare professionals. In a large-scale study involving more than 1,500 conversations, 81% of patients chose to interact with Mo, even when initially seeking a doctor's consultation. Importantly, doctors rated 95% of Mo's interactions as "good" or "excellent," reporting no safety concerns. By enhancing health literacy, fostering patient engagement, and providing timely, accurate information, Mo represents a significant step toward making healthcare more accessible, personalised, and human-centered.

Doctolib: Reducing administrative burdens and enhancing care

Doctolib's AI consultation assistant is freeing clinicians from administrative and mental burdens such as note taking during the consultation and is enhancing patient care. The assistant uses AI for real-time transcription and structured medical note generation, automatically feeding the patient's health record, with structured and codified information. While cutting documentation time by a third, it allows practitioners to focus on what matters most: providing care to their patients. Beyond this, Doctolib is advancing AI to automate tasks like letter generation, billing, and patient file summaries, while exploring clinical decision support for personalized care plans and optimized prescriptions. By seamlessly integrating AI with clinical workflows, Doctolib boosts efficiency, satisfaction, and trust, so as to keep improving practitioners' daily lives and patients' health.

Novo Nordisk and Cradle Bio: Driving the discovery and development of therapeutics

Cradle leverages Generative AI to help teams in the discovery and development of therapeutics. **Novo Nordisk** scientists enhance therapeutic discovery, while minimising experimental rounds, using Cradle's user-friendly software that easily scales organisation wide. This partnership accelerates innovation by reducing discovery and development timelines while improving the safety and efficacy of therapeutics for patients. Such cross-sector collaboration can help enhance Europe's role in innovative medicine, contributing to healthier communities.

SPOTLIGHT: ROBOTICS

Europe's robotics landscape represents a sophisticated technological ecosystem where innovation, industrial leadership, and strategic investment intersect.

Europe's world-leading industrial conglomerates not only form the backbone of its economy but also drive demand for advanced robotics systems in manufacturing. As these industries increasingly rely on automation, AI-driven innovation in robotics presents a strategic opportunity to enhance efficiency and productivity across industrial production.

In 2023, Europe contributed 17% of the annual installations of industrial robotics — notably greater than the 11% installed in the Americas — with Germany playing a leading role.[6] The confluence of breakthroughs in multi-modal AI and rising automation demands in warehousing and manufacturing are catalysing a profound robotics renaissance, positioning European industrial leaders at the forefront of global economic transformation.

To sustain its position, the EU has historically made significant investments through initiatives like SPARC, which was launched in 2013 as the world's largest civilian funded robotics innovation program and set out to increase Europe's share of the global market to 42% (a boost of €4 billion per year).[7] Horizon Europe also allocates significant funding to robotics research and development, ensuring continuous innovation in areas ranging from manufacturing to logistics and healthcare. These strategic investments have created a dynamic environment for continuous innovation.

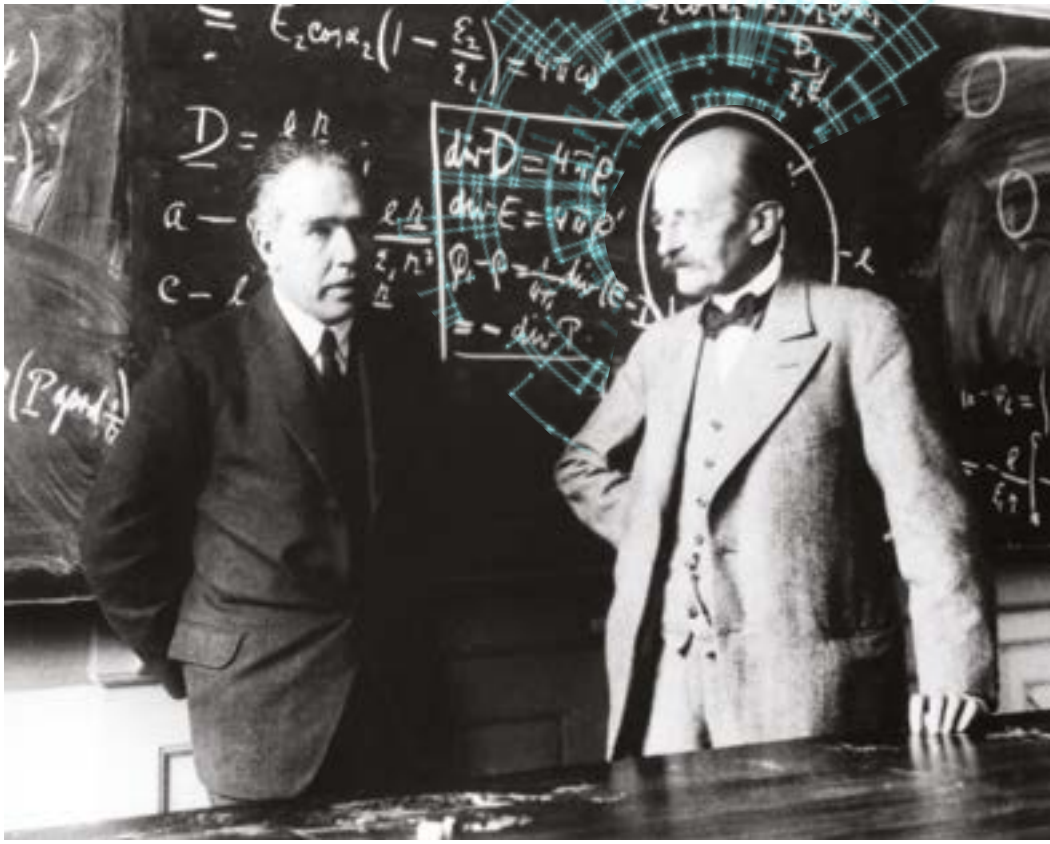
Maintaining Europe's edge will require embracing artificial intelligence as a transformative force in robotics. Industry leaders and incumbents are accelerating this technological convergence, promising a future where European robotics continues to set global standards.

[6] International Federation of Robotics (2025) World Robotics Report, https://ifr.org/img/worldrobotics/Press_Conference_2024.pdf, https://ifr.org/ifr-press-releases/news/eu-industries-invest-heavily-in-robotics

[7] European Commission Press Release (2014), https://digital-strategy.ec.europa.eu/en/news/eu-launches-worlds-largest-civilian-robotics-programme-240000-new-jobs-expected?utm_source=chatgpt.com

Exotec and Renault: Co-creating the world's first fully automated car manufacturing logistics facility

The groundbreaking implementation of **Exotec's** technology at **Renault Group** reinforces Europe's technological sovereignty. The automaker's Villeroy facility in France is 100% automated, with 191 Skypod robots that autonomously navigate the warehouse, climbing storage racks up to 10 meters high to manage the flow of parts from receipt to shipment. This automation has dramatically improved efficiency, reducing order preparation time from two hours to just 20 minutes and increasing the number of orders served by 25% per day. The facility has even reduced energy consumption by 30% compared to traditional sites. Renault's adoption of Exotec's technology not only streamlines operations but also supports the company's sustainability goals.



SPOTLIGHT: SHIPPING AND LOGISTICS

Shipping and logistics form the backbone of global trade and are a critical pillar of Europe's economic strength. Without urgent innovation, the continent risks losing its competitive edge.

These sectors enable seamless goods movement across borders, connecting industries, businesses and consumers. Maritime transport alone accounts for 75% of trade between the EU and the world, underscoring its vital role in economic success. Yet, despite its importance, the industry remains anchored in outdated, manual processes with disjointed decision-making and limited real-time visibility, stifling efficiency and adaptability.

The shipping sector has been one of the slowest to embrace digital transformation, relying on fragmented legacy systems that increase costs, create inefficiencies, and weaken resilience. Now, rising fuel prices, supply chain disruptions, and mounting regulatory pressures — such as the EU's Emissions Trading System (ETS) and the IMO's Carbon Intensity Indicators (CII) — are further straining an industry already struggling to modernize.

AI and software must be at the core of transforming shipping and logistics. AI-powered predictive analytics can optimize fleet operations, cutting fuel consumption and reducing maintenance downtime. AI-driven automation in ports can streamline vessel scheduling, accelerate cargo handling, and eliminate bottlenecks, vastly improving efficiency. Intelligent supply chain visibility powered by AI will enhance inventory management, anticipate disruptions, and facilitate smoother, faster trade flows.

AI is also key to meeting Europe's climate commitments without compromising competitiveness. Smart emissions monitoring and optimization tools will ensure regulatory compliance while lowering costs. Digital twins — real-time virtual replicas of shipping operations — enable continuous optimization, solving inefficiencies before they occur and improving decision making.

European companies are already working toward setting a global standard for a more resilient, intelligent, and sustainable shipping industry, cementing their position as leaders in global trade.

Maersk: AI for a happier path

Maersk is redefining global logistics with AI-driven automation, eliminating friction across its supply chain and delivering higher-quality services and products to global businesses. With the ambition to streamline up to 70% of logistics workflows, the company is ensuring cargo moves seamlessly along the "happy path"—from booking to delivery—minimizing delays and manual intervention. AI-powered customer support has slashed response times from 7-10 minutes to under 30 seconds, enabling near-instant resolution of inquiries. In terminal ports and warehouses, digital twins and advanced simulations optimize asset utilization, reduce congestion, and accelerate turnaround times, driving cost savings and greater operational flexibility. By embedding intelligence at every stage of the supply chain, Maersk is making logistics smarter, more resilient, and more cost-effective—shaping the future of intelligent trade.

CMA CGM: Streamlining end-to-end shipping operations with AI

AI plays a key role in **CMA CGM** Group's transformation and innovation strategy. This strategic focus is evident in major partnerships, including the collaboration with Google, aimed at accelerating AI adoption across the Group's operations. Through investments in cutting-edge technologies such as Mistral AI, PoolSide, and the Kyutai research lab, CMA CGM is optimizing processes to strengthen its competitive edge and lead the digital revolution in shipping, logistics, and media. AI also plays a key role in improving employee experience, with initiatives like TANGRAM, the Group's center of excellence and innovation, training up to 3,000 employees annually. Moreover, CMA CGM is leveraging AI to optimise vessel routes, container handling, and inventory management across its global network. This modernisation significantly reduces costs, cuts carbon emissions, and accelerates delivery times. Meanwhile, the company's logistics arm is pioneering advanced warehouse management through AI-driven forecasting. By embedding AI at the core of its operations, CMA CGM strengthens its position as a world leader in shipping, logistics, and media poised to meet the evolving opportunities and challenges of global trade."

SPOTLIGHT: TELECOMMUNICATIONS

Europe can solidify its leadership in global connectivity and lay the groundwork for the AI-first world. But shifting toward an AI-driven future requires reimagining how systems are designed and built.

Europe's telecommunications industry plays a foundational role in enhancing the region's technological capabilities, serving as the digital backbone that powers the economy and society at large. On the global stage, the European telecom ecosystem has collectively led innovations in security, pioneered next-generation connectivity, and set global standards. The region is also positioned on top of some of the world's most vital submarine cable networks, connecting North America, Asia, the Middle East and Africa.

Yet the industry stands at a critical juncture, grappling with increasing competition, rising infrastructure investments and stagnant revenue. The shift toward an AI-driven future demands fundamentally transforming the management of legacy network infrastructure, as well as a reimagination of how systems are designed and built to meet the demands of tomorrow. Networks need to shift from managing symmetrical traffic patterns to achieving ultra-low latency and ensuring energy-efficient operations.

Europe's telecommunications industry has the opportunity to optimise network performance through predictive maintenance and automated network management, ensuring minimal disruptions while reducing energy consumption and operational costs. Customer service can evolve to become proactive and empathetic, with always-available, multilingual assistants that can address any issue. Fraud prevention and cybersecurity will benefit from AI's ability to detect anomalies instantly and neutralise threats with precision. At the same time, AI can accelerate the deployment of new networking capabilities, shifting from traditional connectivity to a future where communication networks are the backbone of a fully digitalised and interconnected society.

Industry leaders are taking bold steps to tackle these challenges.

Orange: Embedding AI to conquer environmental and societal challenges, and deliver the best experience for 300M consumers worldwide

Orange has adopted a pragmatic and practical AI strategy, enhancing customer experiences through personalized support and product offerings as well as optimizing network operations to improve resiliency and reduce costs and energy consumption. The results are already tangible: just one of their AI models using visual recognition on shared fibre connectivity equipment processes over 230 000 interventions per month, reducing drastically defect rates and improving customer experience. Orange also partnered with leading foundation model companies to enable the fast and efficient development of cutting-edge solutions tailored to its diverse markets. This collaboration extends to Africa, where Orange works on AI models that can understand and communicate in local languages, revolutionizing customer support. As the demands for connectivity and networking evolve with AI, Orange's culture of ambition and intentionality are positioning the company to lead the industry-wide transformation.

Deutsche Telekom: Redefining cyber defense with AI-driven security insights

Deutsche Telekom is harnessing the power of Generative AI to deliver a superior customer service experience across all channels, ensuring faster and more efficient support. Building on the success of their award-winning Frag Magenta bot, Deutsche Telekom is advancing its capabilities through a multi-agent architecture powered by state-of-the-art Large Language Models (LLMs). This innovative approach has been rapidly scaled to address a wide range of customer-centric use cases across digital channels and is expanding into the hotline. As a result, the Frag Magenta bot now manages over half a million customer conversations every month, significantly reducing repetitive workload on human agents while enhancing the overall quality of service for customers.

Global Telco AI Alliance: Revolutionising telecommunications

Global Telco AI Alliance is revolutionising the telecommunications industry by developing a unified AI ecosystem designed to transform traditional telco services and unlock new business opportunities. With key players such as SK Telecom, Deutsche Telekom, e&, and Singtel collaborating, the alliance leverages advanced technologies to co-develop the Telco AI Platform—a core foundation for innovative services such as enhanced telecom operations, digital assistants, and super apps. The alliance's cornerstone initiative is a multilingual Telco Large Language Model with specialized APIs, designed to process telecommunications-specific queries across Korean, English, German, Arabic, and Bahasa languages. Supported by a Multilateral Memorandum of Understanding and the formation of a Joint Working Group, the alliance focuses on driving AI transformation, fostering global collaboration, and bridging Europe and Asia. Through the joint venture, the alliance will develop and deploy this specialized LLM to serve approximately 1.3 billion customers across 50 countries, enabling enhanced customer interactions via digital assistants and streamlined infrastructure operations. By streamlining investment and co-development, the Global Telco AI Alliance aims to elevate customer experiences, accelerate industry-wide innovation, and strengthen resilience in the global telecommunications sectors.

AI ACTIVATION THROUGH RADICAL COLLABORATION

The spotlights and case studies in the previous section serve as beacons of promise. While the adoption cycle is still in its infancy, these examples represent the first steps toward a transformative journey for European industry, painting a vision of the scale of the opportunity.

Turning Europe's courage and audacity in AI into sustainable growth and resilience requires purposeful alignment. At the heart of this effort must reside a functional flywheel that activates and orchestrates technology development, industrial collaboration, policy design, and investment.

1. Unifying into a single addressable market for businesses

AI is inherently dynamic, adapting across languages, socio-economic conditions and cultural contexts. For the first time ever, this enables European companies to overcome both commercial and technical barriers to scaling across different regions and markets. Currently, companies aiming to expand across Europe must navigate 27 compliance regimes to scale beyond their home market. This new paradigm creates an ever-greater urgency for a deliberate, harmonized regulatory framework. If regulators can achieve this, it would grant businesses access to one of the largest integrated markets in the world.

2. Positioning the public sector as an early adopter and anchor customer

The public sector can play a pivotal and leading role in sparking and accelerating a self-reinforcing AI flywheel. To be effective, governments must take leadership and act with decisiveness. Rather than focusing on spurring early stage investments – which now stand at levels similar to the United States – or small-scale innovation programs, the public sector can act as an early anchor customer for the cluster of emerging AI leaders. By committing dedicated and large-scale procurement budgets to these companies to help achieve public sector objectives, governments can transform public agencies and modernise critical industries like defence, healthcare, and energy. This not only accelerates revenue for companies in meaningful ways, but also validates technology roadmaps, de-risks adoption for the private sector, and attracts growth capital investment — shaping and propelling these companies as AI leaders on the global stage.

3. Fostering unprecedented collaboration between innovators and adopters

The rise of a cluster of emerging AI leaders alongside established global industry giants is generating the 'break-in rotations' of a self-reinforcing AI flywheel. This momentum

can accelerate the AI transformation among Europe's industry leaders and improve their competitiveness, while fostering a differentiated European technology ecosystem that can leapfrog ahead. Sustaining this flywheel requires more than just collaboration. It demands both parties to provide access to key sources of differentiation, commit to operationalising at scale in accelerated timelines, and evolving business models to unlock true operating leverage. Regulatory and policy enablers that can facilitate this are essential — particularly in critical industries, where clear safeguards and incentives can overcome risk aversion.

4. Deepening integration across the AI infrastructure supply chain

European businesses across the AI infrastructure value chain — from frontier models to energy management and network connectivity — are reimagining industry technical standards. By joining forces to address system-level challenges, these companies can forge a unified approach to the infrastructure ecosystem, driving an integrated and standardized supply chain for foundational AI systems. This consolidated framework will unlock significant economies of scale and enable a more capital-efficient rollout of next-generation infrastructure. To accelerate this convergence, a renewed focus on strategic planning, streamlined permitting processes, and well-designed industry incentives is essential. These efforts will facilitate the construction of integrated infrastructure that can meet scaled demand across Europe.

Conclusion

The key enablers outlined are all interdependent, reinforcing one another to create a self-sustaining AI flywheel. While the willingness of businesses to engage in unprecedented collaboration is vital, the clearest and most immediate catalyst for this transformation is a strong, unified policy signal. This would provide businesses with the confidence, clarity and market opportunity to invest and scale AI across the continent, mobilising capital and talent along the way. Recognising the true potential of AI transformation should be a central consideration in any forthcoming deliberations on the EU AI Act. This is precisely what we discuss in the next chapter.

POLICY RECOMMENDATIONS

Having examined cross-border and cross-industry collaboration needs, our findings point to six key areas where the EU Commission can take action to strengthen Europe's AI ecosystem. However, due to the limited scope of the report, this chapter captures only a fraction of all the findings we've uncovered. A separate white paper will address the broader spectrum of findings, including more detailed technical analyses and comprehensive recommendations.

Overall, there is an urgent need for regulations to achieve their intended purpose without overburdening AI enablers and adopters. This includes simplifying regulation to align with a growth agenda while addressing real harms, rather than hypothetical risks. Instead of adding new regulatory layers, there is a need to actively reduce and streamline existing regulations, with a focus on harmonisation, legal clarity, and removing Single Market barriers that hinder AI from scaling.

Our findings show that Europe's strategic advantage lies in fostering open AI development while preserving and promoting European cultural context in AI systems. This open ecosystem approach enables businesses to build on foundational models without excessive restrictions, and run them. If current regulation is properly reassessed to address the mentioned concerns, implemented with clarity and proportionality, and not extended or new regulation introduced, Europe can be a global leader in AI development.

Our findings suggest the following recommendations can help achieve the private sector's ambitions:

1. Unified approach to regulatory clarity and compliance

Harmonization and simplification of more than 100 tech-focused laws across the EU must be key. Our research reveals a pervasive issue of regulatory uncertainty.

First, the AI Act, while pioneering a risk-based regulatory approach, has created market uncertainty through unclear risk categorization, causing businesses to hesitate in AI adoption and potentially weakening Europe's global competitive position. For smaller companies, the difficulty lies in giving a necessary roadmap to customers and potential investors due to unclear guidance on risk classifications and compliance requirements. Some argue that this uncertainty affects both current operations and future investment decisions, with many organizations noting that the extended timeline for regulatory clarity forces them to either delay product development or proceed with development under significant regulatory risk. For larger established companies adopting AI the primary constraint lies in insufficient guidelines for having different roles (e.g., as a provider or user) making it difficult to understand their obligations and liabilities.

Second, the increasing density of regulation with oftentimes overlapping and contradicting regulatory frameworks has been pointed out as a hurdle to innovation and competitiveness. For example, the AI Act requires high-quality training data for AI systems, but the GDPR's purpose limitation principle restricts data reuse, creating a regulatory gap with no clear exemption for AI training purposes, while both regulations have overlapping but distinct data quality requirements that companies must simultaneously satisfy.

Third, the complexity arising from member states' autonomy in laying out the AI Act is perceived as a major hurdle. Companies face varying approaches to supervisory authorities, penalties and market surveillance mechanisms across EU countries. This regulatory fragmentation leads to inconsistent compliance requirements and enforcement practices, creating a challenging environment especially for startups to scale beyond their home nation. They simply do not have the resources to comply with 27 different compliance schemes in order to access this "local" customer base. Industry leaders are also at a disadvantage to non-European peer companies when comparing complexity to operate at scale in Europe versus other large markets such as the US and Asia. The findings from our interviews demonstrate a commitment to support this effort.

In order to address these hurdles, the EU Commission needs to make business operations easier and deepen the Single Market, particularly in digital sectors . To align with this vision, the EU should streamline AI regulations to reduce legal uncertainty, clearly providing guidelines way in advance to minimise compliance costs, and provide clear, consistent requirements for AI providers and deployers. Additionally, the EU Commission must distinguish between model providers and application developers. Rather than imposing blanket restrictions at the model level, regulation should require model providers to deliver appropriate documentation while focusing risk-based oversight on specific applications. This should be an iterative process with industry and startups to identify and systematically remove regulatory barriers and clarify definitions that unintentionally hinder AI innovations and economic growth. A harmonised,efficient, and growth-aligned enforcement of the AI Act across EU member states is essential for fostering innovation and ensuring Europe's global leadership in AI.

2. Data harmonisation and secure data sharing

The absence of standardized, sector-specific data sharing frameworks in the EU creates significant barriers to innovation and competitive advantage in key industries. While Europe possesses valuable datasets, particularly in sectors where it maintains global leadership, the current regulatory landscape makes it difficult for companies to effectively pool and utilize this data for AI development. This challenge is compounded by unclear guidelines around data privacy, ownership, and cross-border sharing. For example, while individual countries like France have national data initiatives in healthcare, the lack of EU-wide coordination for sharing anonymized, longitudinal patient data prevents the development of proactive healthcare systems. Companies working with healthcare data are urged to create workaround solutions such as moving AI algorithms between hospital datasets rather than centralizing data, which is inefficient and may not be feasible for companies with less resources. Our findings indicate that this hampers early disease intervention capabilities, particularly for conditions like diabetes where timely treatment significantly impacts patient outcomes and healthcare costs.

Building on the EU Commission's vision for a European Data Union Strategy to facilitate private and public data, our findings support the fact that the EU has the opportunity to create a seamless, secure, and innovation-friendly data environment that can fuel growth. The curation of datasets for verticals where the EU is a global market leader and therefore has data or the ability to collect data is key. Through harmonised data governance and clear compliance rules, Europe can strengthen its AI ecosystem in partnership with the business community while maintaining high privacy and security standards.

A well-structured, secure data-sharing framework would enable businesses operating in Europe to leverage data more effectively, fostering cross-border collaboration and scaling AI solutions across the Single Market. To drive meaningful collaboration, private sector actors need robust incentives and guarantees that address their privacy and competition concerns.

3. AI investment and adoption acceleration program

Our findings show that there is a strong belief in European scientific excellence and research capabilities which have historically driven technological breakthroughs, yet other global markets are seen increasingly successful at translating similar assets into commercial leadership. The growing delay between Europe's research achievements and their practical implementation risks losing both talent and investment to more business-friendly regions.

Our findings highlight that a key positive action when designing AI investment incentives should be reducing bureaucratic burden. To bridge the research-commercialisation gap and drive AI-led industry transformation, our findings emphasise risk-absorbing measures to make it easier for commercial banks, investors, and venture capital to finance fast-growing AI companies.

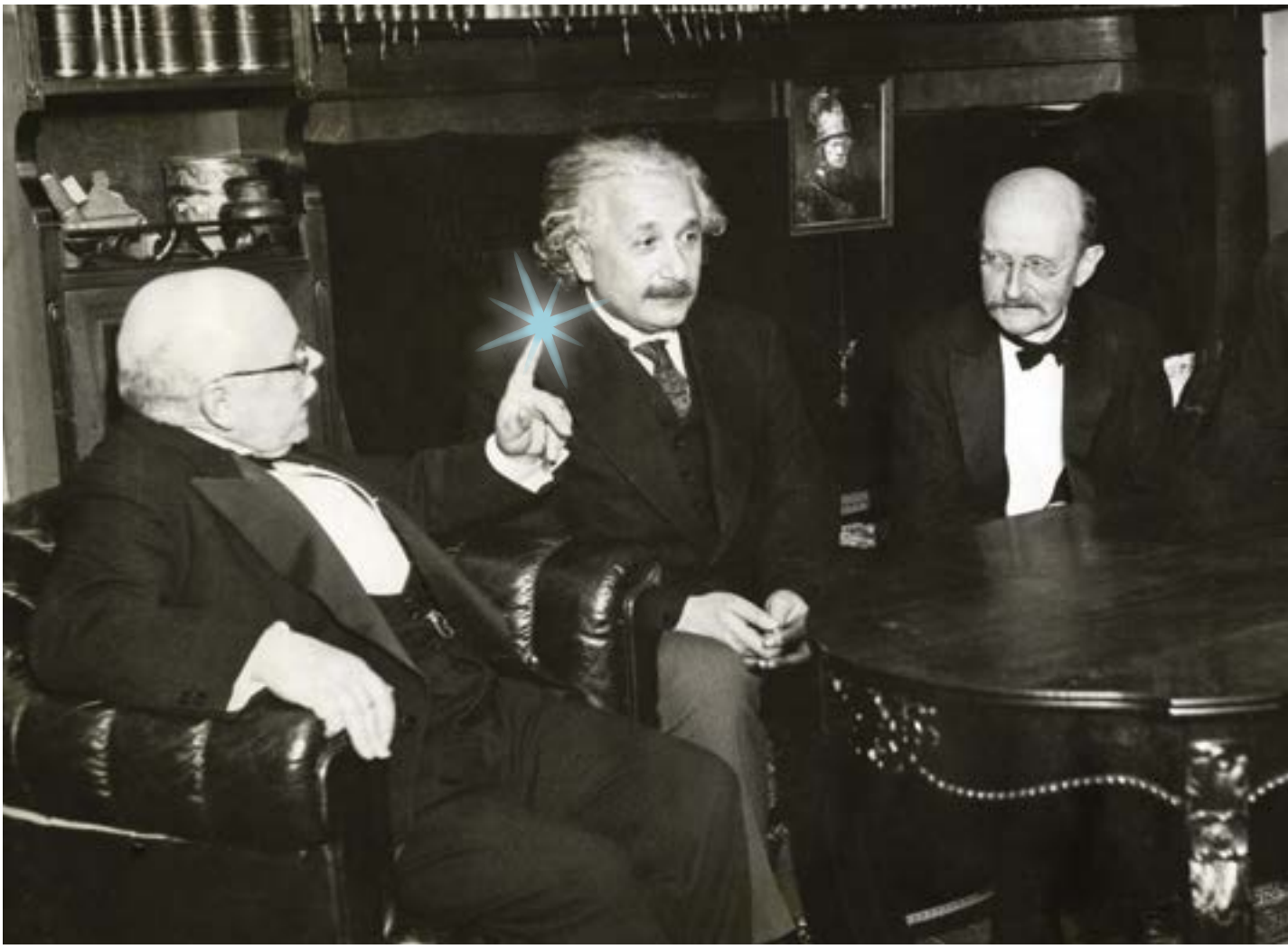
Our findings build on the EU Commission's approach of reinforcing European competitiveness through basic AI research, commercialisation, and adoption. The upcoming discussions on Capital Markets Union (CMU), solvency, and securitisation will be critical in shaping AI investment policy. AI investment must be explicitly linked to financial market reforms to ensure that startups and scale-ups have easier access to capital.

Building on the European Competitiveness Fund and Apply AI initiatives should create simplified procedures for work permits to attract the world's best talent to drive development and industrial adoption of AI. Our proposal strengthens AI sovereignty and reduces dependencies on foreign ecosystems, while at the same time encouraging foreign direct investment.

4.AI infrastructure to power the AI strategy

Our findings show that the current infrastructure gap, particularly in energy management, data center capabilities, network connectivity, and GPU access limits Europe's ability to build sovereign AI capabilities. In particular, access to GPUs is a key enabler to serving the anticipated training and inference needs on the continent. Our findings exemplify these infrastructure challenges across Europe's key sectors. In energy, complex permitting processes for power grid connections to data centers and local resistance to new infrastructure prevent even large, established companies from investing in needed compute resources for advanced AI applications. In telecommunications, despite Europe's strong networking capabilities and technical expertise, providers lack operational sovereign cloud solutions - forcing continued reliance on U.S. providers for critical infrastructure.

Our findings encourage the EU Commission to enable broad inter- and intra-industry collaboration to develop common architectures and specifications in energy management, data center design, and network connectivity. This collaboration will help establish the scaled hardware systems needed to power Europe's AI future. This effort must be backed by the EU Commission through existing funding channels and dedicated new simplified frameworks to accelerate infrastructure development. Speed combined with a robust and collaborative approach would support AI innovation, enhance digital sovereignty, and enable European businesses to scale their solutions across the Single Market. The EU Commission should consider that public-private partnerships can help achieve this goal faster and more efficiently.



5.AI campaign to empower public understanding and skills development

Our findings show that Europe faces a gap in public trust and skills development around AI, limiting both adoption of AI solutions made in Europe and development of necessary talent. While European companies are developing safe, values-aligned AI applications across various sectors, there is insufficient public awareness of these practical benefits and inadequate coordination of upskilling efforts, leading to slower AI adoption and missed economic opportunities.

In order to ensure the economic opportunity of AI can be shared by all Europeans, the EU Commission must launch an EU-wide educational communication campaign with two key objectives to. First, to build trust and incentivize the population to adopt EU-made AI products by emphasizing their safety and compliance with European values. Second, to improve human capital development through various educational interventions, including executive education, lifelong learning, reskilling, and upskilling programs. This campaign must go beyond the narratives dominated by major tech companies and instead emphasise the practical benefits AI brings to sectors such as healthcare, manufacturing, and mobility. The interview findings strongly advocate for a structured collaboration between public and private stakeholders to facilitate knowledge sharing, support industry-led data initiatives, and accelerate responsible AI adoption. This collaborative approach between industry and policymakers would strengthen Europe's position in the global tech landscape, while preserving commitment to ethical innovation and democratic principles.

CONCLUDING THOUGHTS

Europe stands at a defining moment in its economic and societal history. AI presents an opportunity to level the playing field, acting as a force transforming the economy and society. The window for leadership remains open, but it is narrowing rapidly.

Now is the time to convert ambition into action. The opportunities before us are vast. AI can drive unprecedented economic growth, enhance global competitiveness, and reinforce Europe's strategic resilience. But to realise this potential, we must move decisively. Structural challenges—including fragmented markets, slow technology diffusion, and regulatory complexity have previously held the continent back— but this time, things can be different.

Europe has unique strengths to leverage. Our world-class talent, deep industrial know-how, cultural diversity and global industry leadership position us to develop AI that is both competitive and distinctly European. This is not about following others; it is about charting our own path — AI that reflects our values, transforms our industries, and scales globally.

The foundations are set and early signals of progress are evident. Leading companies are already pioneering AI transformation across critical sectors, from aerospace and defence to healthcare and manufacturing. However, turning bold ambition into tangible outcomes requires unwavering commitment and a concerted push across key dimensions.

— **Strategic AI adoption** is essential to enabling enterprises to embed AI at scale, driving productivity, resilience, and competitiveness.

— **Radical collaboration** must be fostered between startups, corporates, and the public sector to accelerate innovation.

— **Infrastructure leadership** must be strengthened, reinforcing Europe's AI backbone— energy, networks and semiconductor manufacturing — to ensure long-term scalability and autonomy.

— **Regulatory clarity** is necessary to harmonise governance frameworks, creating an environment where AI can scale responsibly and securely.

— **Talent and education** must be prioritised to continue to equip Europe's workforce and talent base with the skills required for an AI-driven future.

Unprecedented collaboration is the foundation of this effort— across sectors and across borders, rooted in mutual trust. Governments must step forward as anchor customers for AI solutions. Industry leaders must take bold bets on AI-first strategies. Policymakers must create an environment that catalyses innovation rather than constrains it. We must move beyond intent to execution, beyond pilots to scaled deployment, and beyond isolated initiatives to system-wide transformation.

We call on all those who believe in Europe's AI potential to join us in that conviction. Together, we can build an AI-powered economy that is globally competitive, resilient, and inclusive.

Technology is here. Opportunity awaits. The next move is ours. The time to act is now.

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