

STUDY SUMMARY

**Berlin, September 7th, 2020
Under embargo until 12 am CET**

Digital Riser Report 2020: Digital incumbents around the world face new, dynamic competitors

- **The Global Digital Riser Report 2020 reveals the quickest risers in digital competitiveness in the last 3 years**
- **Within the G7, France has been the top Digital Riser, whilst Italy and Germany have significantly fallen behind in the ranking of our report**
- **Over the last 3 years, the USA has lost out while China has gained significantly in digital competitiveness**
- **The top Digital Risers have one thing in common: they have followed comprehensive, swiftly implemented plans along a long-term vision around digitisation and entrepreneurship**

Across the globe, digital incumbents face new and dynamic competitors. Within the G7, France was able to advance most in its relative digital competitiveness between 2017 and 2019, which makes the country our top “Digital Riser” in this group; conversely, Italy and Germany decreased most within the G7. The ranking also reveals clear dynamics regarding the two global digital superpowers, in that it shows that China has gained significantly in digital competitiveness, while the USA has lost out over the same time period. These are the main results from the Digital Riser Report 2020, devised by the European Center for Digital Competitiveness by ESCP Business School in Berlin.

The report analyses and ranks the changes that countries around the globe have seen in their digital competitiveness over the last three years. It measures the two core dimensions of digital competitiveness, i.e. the country’s ecosystem and its mindset, based on five items each – e.g. “Ease of hiring foreign labour” for the ecosystem dimension and “Attitudes towards entrepreneurial risk” for the mindset dimension – from the Global Competitiveness Report issued by the World Economic Forum (WEF). The Digital Riser Report analyses the progress of 140 countries along the mindset and ecosystem dimensions by looking at the absolute, accumulated change in ranks between 2017 and 2019. Countries were analysed and compared relative to their peers in terms of regions (e.g. Europe and North America) or group



membership (e.g. G20), to ensure the comparability of results relative to a comparative baseline.

There are two major differences between the Global Competitiveness Report and the Digital Riser Report. First, whereas the Global Competitiveness Report analyses the countries' overall competitiveness, the Digital Riser Report analyses their digital competitiveness only as indicated by their digital ecosystem and mindset. Second, whereas the Global Competitiveness Report analyses changes over a one-year timeframe, the Digital Riser Report showcases how countries have fared during the last three years.

Apart from the ranking itself, the Digital Riser Report also analyses the policies followed by the top Digital Risers countries. This analysis shows that all Digital Risers have certain things in common that other governments can learn from when they design their country's digital strategy.

“We are in the middle of a digital revolution that is very likely being accelerated by the Covid-19 pandemic,” says Professor Philip Meissner of the European Center for Digital Competitiveness by ESCP Business School Berlin. “The way that governments manage and navigate this transition will significantly determine how competitive and prosperous their countries will be in the decades ahead.” Digital incumbents increasingly face new and dynamic competitors from around the world. While countries such as USA, Sweden and Singapore are often perceived as digital champions, our results indicate that they are not necessarily dynamic Digital Risers. Only Singapore has managed to improve its relative position slightly (with an aggregated +16 ranks) over the last three years. In contrast, the USA (-33 ranks) and Sweden (-83 ranks) have actually lost ground over the same period.

Within the G7, France has been the top Digital Riser, whilst Italy and Germany have significantly fallen behind in the ranking

Across the Group of Seven (G7), France was able to increase its digital competitiveness most over the last three years. Spearheaded by a president who continuously emphasised the importance of digitalisation and entrepreneurship, France improved the most in both the ecosystem and the mindset dimensions of our ranking (Graph 1). In contrast, Germany lost most on the ecosystem dimension, as the country decreased its position in relation to the key competitiveness indicators “venture capital availability,” “cost to start a business” and “skillset of graduates.” Italy, in turn, relatively decreased most on the mindset dimension.



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USA decreased its relative position while China gained significantly in digital competitiveness

The decline of the USA in our ranking (-33 ranks in total) is contrasted by strong gains that the other global digital superpower – China – achieved over the last three years (Graph 2). The Middle Kingdom significantly gained in digital competitiveness (+52 ranks), mainly driven by the ecosystem dimension of the ranking. Notably, China improved significantly on both “cost to start a business” and “time to start a business.”

The top Digital Risers have followed comprehensive, swiftly-implemented plans along a long-term vision around digitalisation and entrepreneurship

“The top Digital Risers in our study had one thing in common: they have shared a deliberate and comprehensive government programme with top-level support around digitalisation and entrepreneurship,” says Professor Meissner. “In particular, France’s example shows that governments that invest heavily in start-ups and employ lighthouse projects such as La French Tech can greatly increase their country's digital competitiveness in a short timeframe.”

Countries of all sizes were able to enhance their digital competitiveness in the short to medium term by taking effective measures

“Intriguingly, while the top Digital Risers come in very different sizes and have their unique economic histories, there’s a lot that governments can learn from them,” says Dr Christian Poensgen of the European Center for Digital Competitiveness by ESCP Business School Berlin. “First, they tend to emphasise the importance of digital education. In Armenia, for instance, where chess has been obligatory for children from six to eight years since 2011, the government announced in 2016 that it would have installed robotics clubs in every school by 2019. Second, huge investments in digitalisation are common; Saudi Arabi, for instance, announced a \$500bn smart city project (NEOM) to integrate data analytics and AI into all aspects of modern living. Third, a commitment to entrepreneurship is crucial. Many top Digital Risers seem to have followed the example of China’s government, which has put entrepreneurship centre stage by making it part of the ‘Chinese Dream’.”

The Digital Riser Report is published for the first time this year and will be distributed annually from now on. The report’s methodology and results were developed by the European Center for Digital Competitiveness by ESCP Business School in Berlin. It analyses and ranks the changes that countries around the globe have seen in their digital competitiveness over the last three years. To do so, we calculated the absolute, accumulated change in ranks between 2017 and 2019 for ten items taken from the Global Competitiveness Report, issued by the World Economic Forum (WEF). To analyse and compare countries



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regarding their digital ecosystem, mindset and overall competitiveness, we assigned equal weight to all of the ten items. Five of these ten items constitute the ecosystem dimension (e.g. “Ease of hiring foreign labour”) of our ranking, and five represent the mindset dimension (e.g. “Attitudes towards entrepreneurial risk”). We analysed and compared countries relative to their peers in terms of regions (i.e. Europe and North America) or group membership (i.e. G20), to ensure comparability to results and progress relative to a comparative baseline. The study was conducted by Professor Dr. Philip Meissner, Dr. Christian Poensgen and Professor Dr. Klaus Schweinsberg from the European Center for Digital Competitiveness by ESCP Business School in Berlin.

More results, as well as detailed profiles for each of the top Digital Risers, are available here:

www.digital-competitiveness.eu/digitalriser

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ESCP Business School

ESCP Business School was founded in 1819. The School has chosen to teach responsible leadership, open to the world and based on European multiculturalism. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management. Several generations of entrepreneurs and managers were thus trained in the firm belief that the business world may feed society in a positive way. This conviction and ESCP's values - excellence, singularity, creativity and plurality - daily guide our mission and build its pedagogical vision. Every year, ESCP welcomes 6000 students and 5000 managers from 120 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

European Center for Digital Competitiveness by ESCP Business School

The European Center for Digital Competitiveness was founded at ESCP Business School in Berlin with the goal of bringing digital competitiveness to the political and public debate, where it currently only plays a

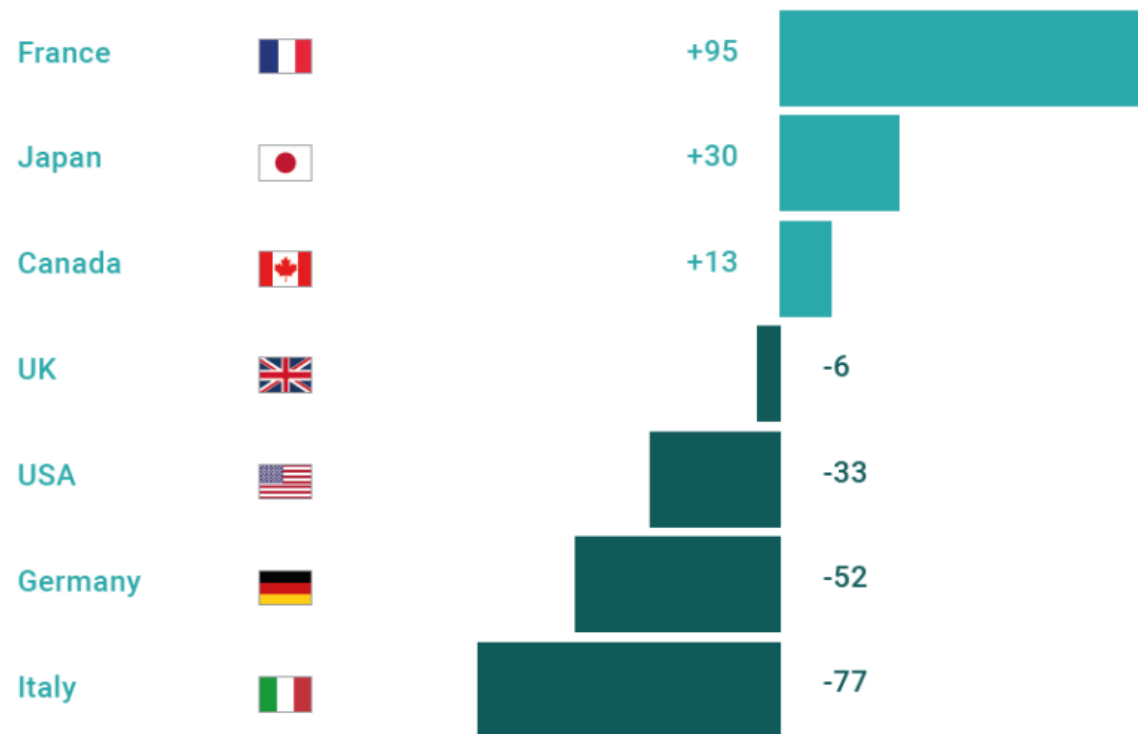


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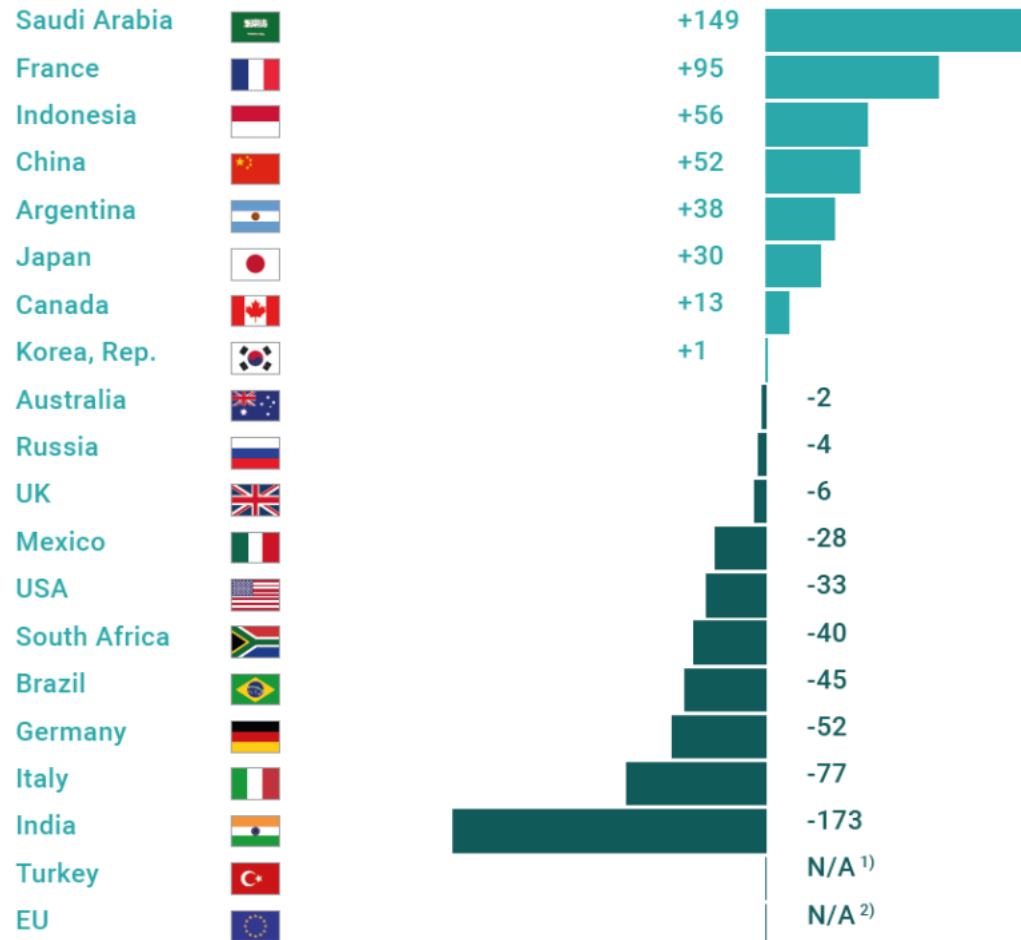
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minor role. Given the digital revolution that our economy and society currently face, digital competitiveness must take center stage in debates to secure our prosperity for the future. Similarly, in this increasingly dynamic environment we want to support the initiative to position Europe as a global leader for the responsible application of technology for the benefit of society.

Graph I: Digital Riser Ranking: Group of Seven (G7)



Graph 2: Digital Riser Ranking: Group of Twenty (G20)



1) Turkey is not included due to a lack of data in three out of the five mindset dimensions.

2) EU is not included since it is a collection of countries.