

EU-India Digital Transformation

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Abstract. The key theme driving both the European Union (EU) and India's digital transformation is human-centric digitization to promote inclusive economies and societies. Both sides have agreed to establish global digitalization norms that are safe and ethical in implementation and have reaffirmed their commitment to cooperatively implement connectivity that meets international standards and is based on mutually agreed-upon sustainable principles, focusing on digital, energy, and transportation, as well as research and innovation. The alliance is promoting the twin green and digital transitions, as well as economic recovery and growth that is both sustainable and inclusive, as well as high-quality jobs and resilient economies.

Keywords: digital transformation, sustainability, inclusive economies, and societies

I. INTRODUCTION

Europe is the global leader in digital sector innovations and sustainable development. Europe has a fast-growing start-up ecosystem with these companies keen to internationalise and have globally relevant products and solutions. India has moved on to emerge as one of the largest adopters of deep tech and digitalisation. It is home to several different prosperous business industries, all of which are growing exponentially. Both the EU and India have healthy ecosystems and concrete policies. There is a growing number of incubators, accelerators, start-ups and investors across Europe and India, alongside Small and Medium-sized Enterprises (SMEs), corporates – that can benefit from collaboration, co-creation and cross border investment. EU's investment climate is also a pivotal point to reckon with in terms of EU policymakers that can be better exposed to the challenges faced by Indian companies to create a conducive business environment. The ongoing pandemic makes such initiatives even more

relevant, given the massive use of digital/virtual solutions in businesses.

EU – India are strategic partners, with their cooperation continuously evolving. India-EU relations date to the early 1960s, with India being amongst the first countries to establish diplomatic relations with the European Economic Community. The economic complementarity between the Indian expansion trend and European countries' interest in seeking potential investors provides new opportunities for bilateral relations. In line with these trends, digital transformation and investments have become priority areas in the EU-India cooperation framework. The parties share an interest in enhancing sectoral cooperation to uphold an open, free, stable, and secure digital space and promote common approaches and standards for the digital transformation of industry and society. There is a momentum to organize enhanced exchanges in the respective EU and Indian digital ecosystems, and substantial contributions can be made to a common digital future.

The flagship initiatives of the two partners – the EU digital single market and Digital India – establish the groundwork for future advancements in digital cooperation, which will be incorporated in the EU's global digital cooperation strategy. The EU-India Strategic Partnership's roadmap to 2025 recognizes the importance of this sector in bilateral relations. The partners express their willingness to continue Information and Communication Technology (ICT) cooperation to promote common approaches and standards for digital transformation, improve regulatory framework convergence, promote technical and regulatory cooperation on the development of new technologies, and support work between EU and Indian industries and start-up ecosystems on enhanced cooperation on innovation and technology deployment,

according to the roadmap. Both the partners have also expressed their will to make efforts towards reaching an agreement on taxation of the digital economy in the G20 framework, which India will host in 2022.

II. EU-INDIA COLLABORATION PROSPECTS

- India is a leading destination for delivery of digital services. 70-75 percent of global digitally skilled resources (~680K) are based out of India in Financial Year (FY) 2019. The country is a hotbed for digital innovation with a rich ecosystem comprising service providers, tech providers and start-ups engaging in global delivery, investing in Digital IP / solutions, and creating a Centre of Excellence (CoE).
- India has also moved on to emerge as one of the largest adopters of deep tech and digitalization. It is home to several different prosperous business industries looking to get digitally enabled.
- Europe is the global leader in digital sector innovations and sustainable development. Europe has a fast-growing start-up ecosystem with these companies keen to internationalize and have globally relevant products and solutions.
- As per the Advanced Technologies for Industry (ATI) project, initiated by the EU Commission, DG GROW; there is a huge demand for the adoption and the development of advanced / digital technologies in Europe
- The economic complementarity between the Indian expansion trend and European countries' interest in seeking potential investors provides new opportunities for bilateral relations.

Collaboration between EU and India

To build a series of activities initiated by the Indian IT association, National Association of Software and Services Companies (NASSCOM), with the support of the Ministry of Electronics and Information Technology (MeitY), aiming at promoting Indian IT service industry and startups to the European businesses and investors. NASSCOM and MeitY have collaborated with Global Business Inroads (GBI) to launch two programs:

- 1) EU VC connect for Indian start-ups
- 2) India-Europe Digital B2B Networking

GBI is the Business Cooperation Centre (BCC) for Enterprise Europe Network (EEN – DG GROW initiative) India, focusing on SME internationalization in the area of research, technology, business, innovation, and investment.

III. INDIAN MARKET SCENARIO

A. Indian Technology Sector

Technology was the panacea for both global and Indian end-user enterprises, allowing them to not only keep the lights turned on, but also to pivot their business models to online mode, adapt products and services to emerging market forces and customer needs, and enable collaboration in a distributed work model.

As a result, FY2022 has been a phenomenal year for India's technology industry, with revenue rising by 15.5 percent (the highest ever) to \$227 billion. The winning formula for the sector was a combination of digital and innovation; platformisation and SaaS were essential in speeding up tech adoption; and it was also the year of the start-ups, with tech start-ups leapfrogging into scale-up mode.

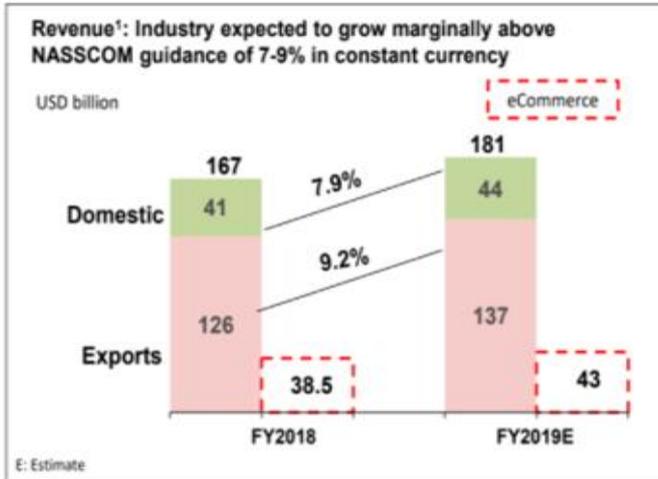
To address margin constraints, the industry increased its focus on operational efficiency, and the O+O model (offline+online) gained traction in the eCommerce sector. Another significant achievement for the industry was the crossing of the 5 million barriers in total direct workforce, with a net addition of 445K, the largest ever.

Tech firms successfully adapted to Hybrid work models and scaled up the industry's digital capacity/capability building programmes thanks to the industry's "people first, employee-centric" strategy. Today, digital revenue accounts for 30-32 percent of overall revenue, with one out of every three employees being digitally proficient, cementing India's status as the Global Digital Talent Nation.

As a result of these reasons, India now has a 59 percent share of the global sourcing market, demonstrating the country's new digital value.

B. Indian Start-up Valuation and Investment Environment

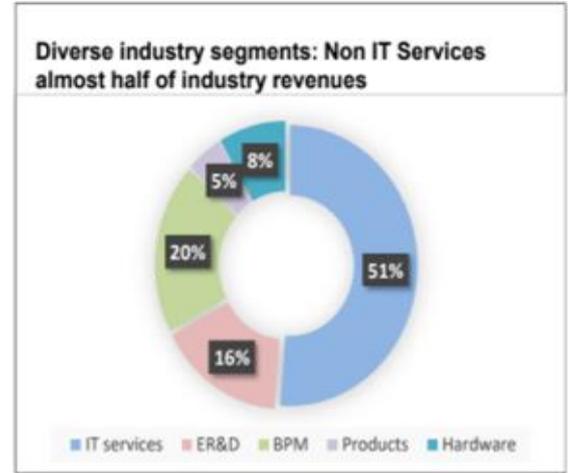
The year 2021, which has already shown to be a watershed moment for India's start-up ecosystem, has also produced a massive wealth-creation opportunity. According to a recent analysis, the start-up ecosystem saw a 2X increase in cumulative valuation from 2020 to 2021, with a range of \$320 to \$330 billion, illustrating the sector's growth and recovery during the pandemic.



FY2019 Reported Currency Revenues and Growth Rate

Exports	USD 135.9 billion	8.3%
Domestic	INR 2,861 billion USD 41 billion	7.9% (INR) 0% (USD)

¹: Includes Hardware, exports include global revenues of Indian companies
Source: NASSCOM



Share of Export Revenue – well spread across Indian and MNC-GCC companies

Solution Providers from India	60-62%
MNCs and GCCs in India	38-40%

Fig. 1. Expected Industry Growth.



Fig. 2. Investment in Indian start-up ecosystem.

A total of 6.6 lakh employment have been created by the 65,000 start-ups. The ecosystem has played a significant role in increasing direct and indirect job opportunities in the recent decade, providing 6.6 lakh direct jobs and more than 34.1 lakh indirect jobs. The year 2021 saw the development of 42 unicorns across 18 sectors, ranking third after the United States and China, with a total valuation of roughly \$90 billion. In comparison to 2015, the pipeline of potential unicorns grew considerably through 2021, reaching 135, with a 6x increase in worldwide unicorns.

Indian businesses are gaining a lot of attention from investors around the world. India is only second to China in terms of capital investment in Asia-Pacific countries so far in 2021, according to Global Data, a renowned data and analytics organisation. Over US\$ 16.5 billion was invested in Indian companies in the fiscal year 2021. The number of new unicorn startups is expanding every day, thanks to massive investment.

IV. EU VC CONNECT FOR INDIAN START-UPS

GBI has partnered with NASSOCM and organized eight E-pitching sessions of connects from 27th Nov 2020 onwards to facilitate contact between European investor community and Indian startups.

The startups for the connect were curated based on sectoral interest of investors. This platform helped in connecting over 100+ European VCs, Corporates, Angel investors with Indian startups.

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6-7 handpicked startups were brought on-board to pitch in each session based on the interests and demand of the European investor. Format of the event is as follow.



Note: (1) Analysis of companies founded between 2009-14. Estimated numbers as on Dec 2014. Includes Flipkart in Unicorns. (2) Analysis of companies founded between 2009-25 (3) Calculated based on analysis of all funded and 500 unfunded start-ups. Valuation Est. is based on data model (4) Calculated based on DPIIT model with adjustment for outliers witnessing strong growth (5) For Unicorns, 1

Source: NASSCOM

Fig. 3. Outlook 2025 for the Indian startup Ecosystem- 4 X Growth Potential.

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Before the session:

- Sector focus and profiles of participating startups were shared with participants prior to each session

During the session:

- Every startup is given 10 minutes to present the pitch which is followed by 5 minutes Q&A session
- After the end of every pitch and Q&A session, investors were given polling option to seek their preference for setting up appointment with the startup

After the session:

Based on the polling results, individual meetings are facilitated between investors and startup founder in the next few days.



Fig. 4. EU VC Connect event for Indian Startups – 27th Nov

VI. EU-INDIA DIGITAL B2B NETWORKING EVENTS

NASSCOM, MeitY - Govt of India, EEN India-GBI and European Union have partnered to build an India - Europe digital transformation networking and B2B platform to promote Indian technologies to Europe and EU tech to India. These are virtual B2b networking events, and the details are as follows.

1. **India- Europe Digital Networking Sessions-** This platform provides opportunity for European Digital Tech Companies in Automotive, Manufacturing, Retail, BFS, and Healthcare sectors to collaborate with Indian Digital Tech Companies. In these meetings European companies shared directional

approach/challenges/ areas of collaboration that helped map the right Indian tech company for meeting.

In the previous three editions of the digital networking sessions, 32 EU companies and 50 Indian companies participated in the event and over 110 B2B meetings were facilitated.

NASSCOM®

India – Europe Digital Networking Sessions

Virtual business matching event in partnership with Global Business Inroads (GBI) to build partnerships between EU companies in automotive, Manufacturing, Retail, BFSI, Healthcare, etc. sectors with Indian digital tech companies

- Starting from 9th December
- Curated one on one B2B meetings; 4-5 meetings for each European company
- Introduce European companies to Indian digital tech companies for co-creation and business
- European companies share directional approach / challenges / areas of collaboration that helps us map the right Indian tech company for meetings

Fig. 5. India- Europe Digital Networking Sessions

EUROPE-INDIA DIGITAL BUSINESS CONNECT

Partner with best in class European digital expertise to grow your business

The Delegation of the European Union to India and Bhutan (EUD) in collaboration with Global Business Inroads(GBI) is curating virtual B2B meetings between European digital tech companies and Indian companies

Who can participate:

- From Europe: Digital Tech SMEs and start-ups
- From India: Large, medium and small companies seeking digital solutions

Date: June 3rd, 2021
Time: 10:00 – 13:00 CEST / 13:30 – 16:30 IST

If you are an Indian company – register as a Technology Scouter
Use the **reference code: DBC IND**

If you are a European company - register as a Technology displayer
Use the **reference code: DBC EU**

Visit us at www.globalbusinessinroads.com/enterprise-europe-network.php

GBI GLOBAL BUSINESS INROADS CONSULTING EXCELLENCE DELIVERED

European Union

particip

Fig. 6. Europe-India Digital Business Connect.

NASSCOM® **GBI** GLOBAL BUSINESS INROADS
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Fostering Nordic – India partnership for Digital Transformation

Virtual Business Match-Making to build partnership between Nordic Enterprises in Automotive, Manufacturing, Retail – E-commerce, Healthcare, BFSI, Logistics etc & Indian Digital Tech companies.

- Date : 15th April 2021
- Introduce Nordic & Indian companies for co-creation and business
- Curated One on One B2B meetings; 4-5 Meeting for each Nordic company
- Nordic companies share directional approach / challenges / areas of collaboration that help in mapping appropriate Indian digital tech companies

Fig. 7. India-Nordic Region Digital Cooperation.

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In partnership with **GBI** GLOBAL BUSINESS INROADS

Session 1: 9th December 2020

CET Time	IST Time	Agenda
1000-1005	1430-1435	Opening by Director, Global Business Inroads (GBI) / Enterprise Europe Network – India, Mrs Leena Thomas
1005-1010	1435-1440	Context Setting, Senior Director, NASSCOM, Mr Gagan Sabharwal
1010-1015	1440-1445	Remarks by Joint Secretary, Ministry of Electronics and Information Technology, Mr Rajiv Kumar
1015-1020	1445-1450	Remarks by Head of Trade Section, Delegation of the EU, Ms Renita Bhaskar
1030-1300	1500-1730	B2B Meetings

Video call participants: Gagan Sabharwal, Rajiv Kumar, Renita's iPhone, IN-04 Ganesh

Fig. 8. EU-india Digital B2B Networking Event

2. EU-India Digital Business Connect Sessions-

This platform provides opportunity for Indian Companies to Collaborate with European Digital Tech Companies.

In the first session, 10 Indian Companies and 21 European companies participated in the event and 40 B2B meetings were facilitated.

3. India-Nordic Region Digital Cooperation-

This platform provided opportunity for Nordic Companies to collaborate with Indian Digital Tech Companies. In these meetings Nordic companies share directional approach /challenges/ areas of collaboration that help map the right Indian tech company for meeting.

10 Nordic Companies & 21 Indian digital Tech Companies participated in the event & 38 B2B meetings were facilitated.

VII. CONCLUSION

Affirming the shared values of democracy, freedom, rule of law and respect for human rights that underpin their Strategic Partnership India and the EU have agreed to build a sustainable and comprehensive Digital Connectivity Partnership. India and the EU are jointly implementing connectivity that conforms with international norms, rule of law, respect for international commitments, and is based on mutually

agreed principles of sustainable connectivity. India and the EU are putting particular emphasis on social, economic, fiscal, climate and environmental sustainability, as well as transparency, viability, good governance, and ensuring a level playing field for economic operators.

ACKNOWLEDGMENT

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