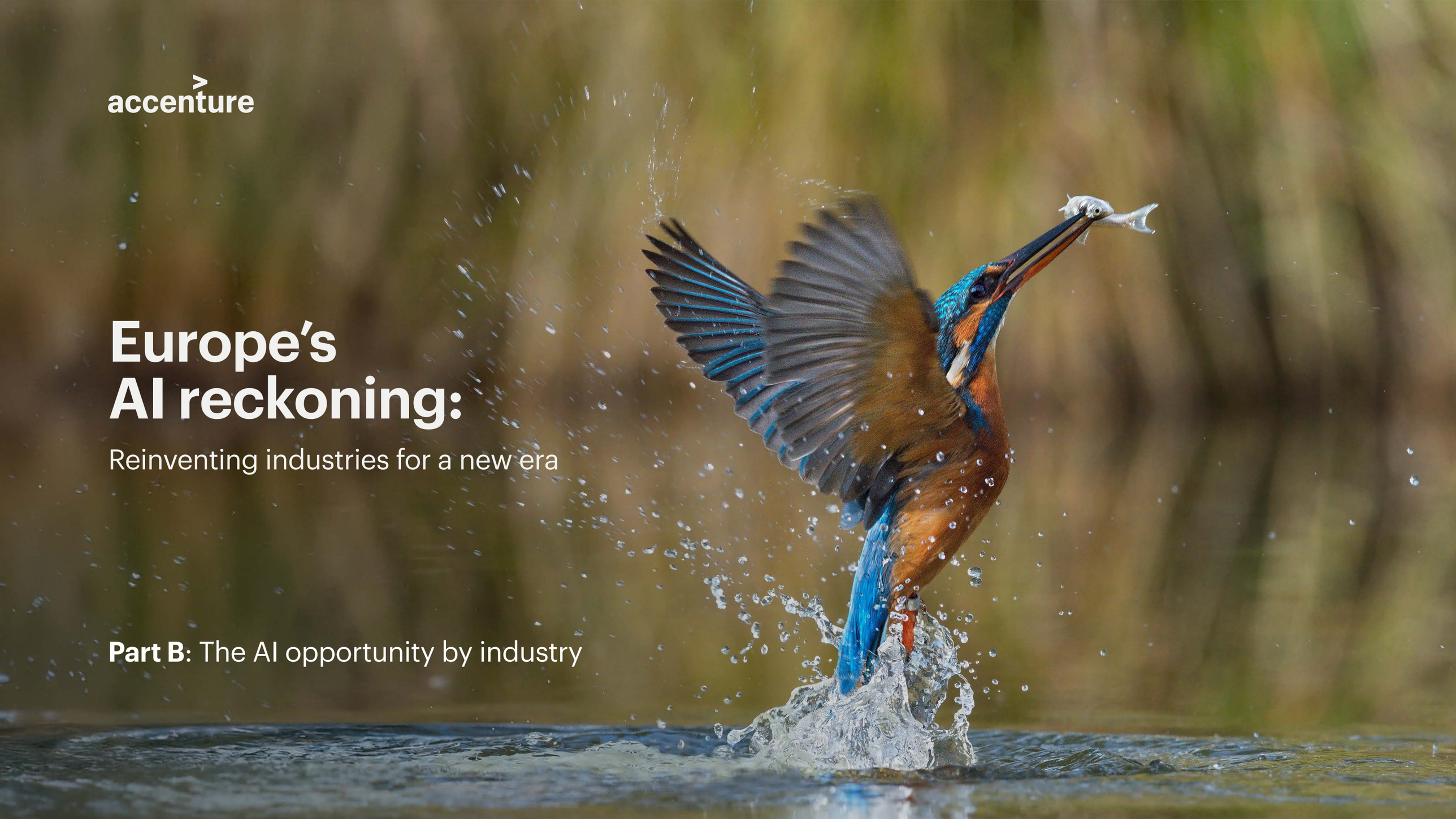
accenture

Europe's AI reckoning:

Reinventing industries for a new era

Part B: The AI opportunity by industry

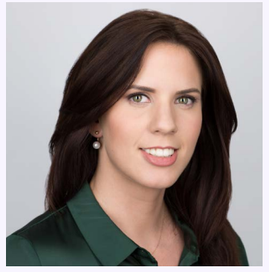


Authors

Mauro Macchi is the chief executive officer for Europe, Middle East and Africa (EMEA) at Accenture, the Chair of Accenture in Italy and a member of Accenture's Global Management Committee. He has more than 30 years of experience at Accenture and has held various executive positions, including the Financial Services Europe Lead and the Strategy & Consulting Lead for Europe.

Matt Prebble is the senior managing director for data and AI across EMEA. He works with C-suite executives and boards of the world's leading organisations, helping them accelerate their data and AI reinvention to enhance competitiveness, grow profitability and deliver sustainable value.

Dominic King is the research lead for EMEA. He is currently focused on how AI and other technologies can drive competitiveness across Europe. Previous work includes building the commercial case for diversity and sustainability with organisations such as the World Economic Forum and International Finance Corporation.



Laura Ann Wright is the public service research lead for EMEA. With a focus on data and AI, technology and digital transformation, she brings deep expertise in emerging technologies and strategic policy to deliver actionable insights that drive innovation and resilience in government and industry.

Europe's best next steps: 10 sectors, one huge opportunity

Europe is making the right moves to advance into the AI era. To keep pace with other markets that have already taken the lead, European business leaders must move faster and invest with greater focus and intent.

Right now, Europe is falling behind. As outlined in **Part A: Sizing and seizing the opportunity**, our research found that more than half (56%) of the 800 large European companies and public service organisations we surveyed have yet to scale a truly transformative AI investment. Of the long-term, high-impact projects we call strategic bets, just 8% have been scaled in Europe—compared to much higher adoption in other regions analysed in our global study of 15 countries.

That said, momentum is building. The largest companies are beginning to move in earnest. We see pockets of strength in certain industries. The ambition is clear. European leaders now need to know how best to focus their efforts and resources to harness the strongest outcomes.

Part B delves deeper into AI deployment across 10 key European industries: Aerospace and defence, automotive, banking, consumer goods and services, energy, industrial, life sciences, public service, telecommunications and utilities. Each faces a unique set of challenges, but also opportunities.

We explore where generative AI (gen AI) is starting to take hold, where barriers remain entrenched and where strategic bets are already delivering measurable results.

For each industry, you'll find:

- A snapshot of each sector's AI maturity, including capabilities and scaling rates.
- The strategic bets most likely to unlock productivity and value in each industry.
- Best in practice examples of successful AI deployments, from an aerospace initiative with a nearly 4x ROI to AI co-pilots in banking and predictive grid tools in energy.
- The top blockers to scale, alongside actionable recommendations on how to overcome them, for example, closing data silos, filling talent gaps and managing security risks.

Our findings not only reinforce the urgency of scaling AI adoption, but also serve as a practical guide for where and how to focus investment.

By examining sector-specific strategic bets, we aim to show how AI investments—when deployed strategically and with a clear vision—can boost productivity, resilience and competitiveness at scale. These insights are designed to help leaders move from experimentation to impact, and from isolated pilots to system-wide reinvention.

Europe's economic future hinges on its ability to scale AI with purpose. These industry deep dives show what's working, and more importantly, where business leaders should focus next.

01 Aerospace and Defence

Aerospace and Defence

0.4%
Contribution to GDP (2022–2024)[1]

4.9%
Productivity (2015–2023 CAGR)[2]

42%
Hours in scope for augmentation/automation by gen AI[3]

52
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

63%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The aerospace and defence industry includes companies that make and keep both commercial and military planes and land vehicles. It also includes military electronics and munitions companies, space and maritime businesses.

In Europe, it contributes just 0.4% to GDP—but this is expected to rise as countries across the region, including France, Germany and the UK, ramp up defence spending following Russia's invasion of Ukraine and the recent shift in US security policy. Productivity has grown by 4.9% since 2015—and could rise further from the rollout of gen AI, which could augment or automate 42% of working hours across the sector.

AI capabilities are strong for the industry, scoring 52/100 on our index, the second highest score in our industry set. An impressive 63% of firms are also scaling at least one strategic bet—such as AI-powered simulations and product data analysis. Respondents to our survey identified data silos (51%) and assembling multidisciplinary teams (49%) as the key barriers the industry needs to overcome to scale more bets.

Top strategic bets

Rank of scaled bets

01	AI-powered modelling and simulation
02	Product in-use data analysis
03	Customer engagement
04	Augmented Field Worker
05	Service schedule optimisation
06	Supply chain risk management
07	Production layout optimisation

How AI can help solve three key sector challenges

- **Boosting supply chain resilience**: AI can boost the resilience of complex global supply chains by helping companies to anticipate and head off potential disruptions. Predictive analytics, for example, can drive more accurate demand forecasting, optimised inventory management and streamlined logistics.
- **Easing talent shortages**: The industry is facing a skills crunch that is forcing companies to lower production targets, jeopardising new programmes and disrupting supply chains. AI can help both by improving supply (for example, with accelerating retraining and improved skills to career matching) and reducing demand (for example, by automating routine tasks).
- **Accelerating innovation**: The pressure to innovate is rising as both global competition and military conflict intensifies. AI can support the development of new solutions by reducing physical prototyping timelines and costs. The technology will also be a vital component of cybersecurity in protecting critical data and systems against increasingly sophisticated threats.

02 | Automotive

Automotive

0.8%
Contribution to GDP (2022–2024)[4]

12.4%
Productivity (2015–2023 CAGR)[5]

41%
Hours in scope for augmentation/automation by gen AI[6]

57
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

70%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The automotive industry encompasses industrial and automotive suppliers, as well as rail and transit and tolling.

The industry accounts for 0.8% of regional GDP, rising to 1.8% in Germany. However, productivity has risen by 12.4% since 2015, faster than any other sector in the region, with a further boost possible from the introduction of gen AI which could automate or augment 41% of working hours.

Among all industries, Europe's automotive industry shows the highest level of AI capabilities, scoring 57/100 on our AI capabilities index. The European automotive industry is also scaling the most AI bets—such as AI customer support and digital twin enabled product design—than any other industry with 70% of firms having scaled at least one strategic bet. Despite these gains, the automotive industry continues to face barriers to scaling gen AI across the organisation, such as building end-to-end data foundations (47%), building and maintaining multi-disciplinary teams (43%) and managing security and privacy risks (35%).

Top strategic bets

Rank of scaled bets

01	AI-powered customer support and engagement
02	Product design and conceptualisation with digital twins
03	Hyper-personalised marketing and sales enablement
04	Engineering automation for product development
05	Operational excellence with AI co-pilots
06	Automated reporting and documentation
07	Conversational car configurator
08	Gen AI driven automated with quality assurance and optimisation

How AI can help solve three key sector challenges

- **Intensified competition**: AI enhances competitiveness by optimising R&D and production processes, improving cost efficiency and time to market. It also supports structural transformation by streamlining administrative functions and enabling more agile operations. These efficiencies help European automakers better compete with overseas players.

- **Transition to electric vehicles (EVs) and software-defined vehicles (SDVs)**: AI supports the EV and SDV shift by accelerating battery design, optimising battery management systems and enabling advanced vehicle software development. It also provides real-time analytics to improve battery performance and longevity. Additionally, AI tools analyse consumer sentiment and market trends to forecast EV demand and inform strategic decisions.

- **Supply chain issues and bottlenecks**: AI improves supply chain resilience by predicting disruptions, optimising inventory and identifying alternative suppliers through real-time data analysis. Machine learning enhances demand forecasting, helping manufacturers adjust production more effectively.

AI in action—Renault

The automotive industry has been heavily disrupted over recent years—but AI has helped the Renault Group to anticipate, simulate and act with precision—and to boost agility. Underpinned by significant investment in robust data infrastructure, Renault has developed a scalable foundation for collecting and structuring vast amounts of data, allowing the company to create the right conditions for effective AI deployment.

Today, Renault is integrating AI into its vehicles and embedding AI across its processes and operational workflows.[7] Renault is also equipping its employees with AI tools to amplify human ingenuity. Productivity-boosting initiatives include GenAI@Renault—a proprietary gen AI tool available to all employees to boost productivity and ignite innovation—and DEX (Digital Employee Experience) — a seamless, personalised interface. As Gauri Kulkarni, VP of IT Corporate Functions, explains: “AI and employees must maintain a symbiotic relationship—a partnership that fosters creative approaches to problem-solving.”

03 | Banking

Banking

3.8%
Contribution to GDP (2022–2024)[8]

10.1%
Productivity (2015–2023 CAGR)[9]

69%
Hours in scope for augmentation/automation by gen AI[10]

43
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

43%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

Businesses in the banking industry assist individuals, businesses, governments and other entities to offer and manage financial services, such as deposits, loans, payments and investment products.

In Europe, banking companies account for 3.8% of regional output, with productivity over recent years growing significantly at 10.1%. Gen AI holds much promise for the industry, with more than two-thirds of working hours (69%) estimated to be augmentable or automatable.

The European banking sector has medium levels of AI capabilities, scoring 43/100 on our AI capability index (the European average is 45/100). The banking sector is also middle-field for scaling strategic AI bets - such as in fraud management, cards and payments—with 43% of banking firms having scaled one bet. Slightly less than half (46%) of our respondents identified establishing comprehensive data foundations with high-quality data as a key barrier to scaling gen AI.

Top strategic bets

Rank of scaled bets

01	Fraud Management
02	Cards and Payments
03	IT Engineering/ Software Development Lifecycle
04	Know Your Customer (KYC)
05	Credit Assessment
06	Digital Content Management
07	Document and Knowledge Management
08	Lead Origination, Nurturing and Qualification

How AI can help solve three key sector challenges

- **Changing regulatory landscape**: AI can streamline compliance by continuously monitoring transactions and operations to detect regulatory breaches in real time. It adapts to jurisdictional variations, helping banks manage cross-border regulatory complexities more efficiently and enhance responsiveness to evolving regulations. A growing number of European banks are implementing multi-model, multi-vendor AI architectures enabling them to route AI workloads based on various criteria, including jurisdictional compliance.

- **Digital transformation**: AI-powered middleware bridges legacy and modern systems, allowing banks to upgrade infrastructure gradually without major disruptions. Advanced analytics platforms driven by AI aggregate data across systems to deliver insights that guide digital strategies. These tools also enable more personalised customer experiences, boosting engagement and retention.

- **Intensifying competition**: AI helps banks stay competitive by analysing customer behaviour to develop tailored products and services. It supports faster innovation cycles by processing market trends and feedback to refine new offerings. This agility enables banks to better compete with digital-native rivals and expanding international players.

AI in action—NatWest

“The path to value from AI is not quick”, says Graham Smith, the Head of AI, data science and innovation at NatWest. “We started harmonising datasets back in 2010. We built our first machine learning models in 2017 on laptops. We then got onto the cloud with purpose and ramped up infrastructure. And we’ve seen the time to develop and deploy a model fall from six months, to six weeks, to two weeks. You need to be constantly building capability.”

NatWest is a UK-focused bank serving over 19 million customers. Gen AI is helping to move personalisation “from thousands down to a cohort of one”, says Smith. For example, a ‘Customer Comms Coach’ checks outbound comms for reading age, brand tone of voice, toxicity and customer duty requirements almost instantaneously. Pretty soon, Smith says, AI agents will be providing dynamic, personalised responses in milliseconds.

Similarly, Cora+, an AI-driven virtual assistant integrating OpenAI technology, is helping to solve customer queries faster by teasing out nuance and providing answers to questions in a conversational style. It has boosted customer satisfaction by 150% and reduced the number of times a human is required to intervene.[11]

NatWest’s 60,000 employees also benefit from tools such as AskArchie+ which gives them conversational access to knowledge bases. AI is also helping to streamline processes across fraud prevention, complaints handling and customer support to enable employees to resolve issues faster and focus their attention on higher-value tasks. “We want to supercharge our colleagues with AI,” says Smith, “to allow them to fully focus on the customer, not worry about the admin.”

04 Consumer Goods and Services (CG&S)

Consumer Goods and Services (CG&S)

1.9%
Contribution to GDP (2022–2024)[12]

1.9%
Productivity (2015–2023 CAGR)[13]

32%
Hours in scope for augmentation/automation by gen AI[14]

39
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

21%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The CG&S industry encompasses companies across the value chain that provide a wide range of products like beverages, food and home and personal goods.

The European CG&S sector makes up almost 2% of regional GDP. However, its productivity levels remain relatively low compared to other European sectors, growing at almost 2% since 2015. Yet, gen AI has the potential to provide further benefits with 32% of hours.

The industry falls on the lower end of the scale for AI capabilities, scoring just 39/100. Likewise, the industry has the second-lowest AI scaling rate, with only 21% of firms having scaled at least one strategic AI bet, such as in shopper trends analysis and consumer profiles. More than half of respondents (51%) indicated that establishing comprehensive data foundations with high-quality data is a significant barrier to implementing gen AI at scale.

Top strategic bets

Rank of scaled bets

01	Real-time customer / shopper trends analysis and identification
02	Automated ESG tracking and optimisation
03	Hyper-personalised consumer profiling and segmentation
04	Agile brand experience design and development
05	Augmented sales enablement and execution (intelligent coaching, automated follow-ups, etc.)
06	Automated IT development and operations (SW engineering, co-pilot etc.)
07	In-silico product design and development
08	Insights-driven demand sensing and forecasting

How AI can help solve three key sector challenges

- **Reduced consumer and customer spending**: AI helps CG&S companies adapt to changing demand by analysing real-time consumer and customer data to guide targeted marketing and personalised offers. It enables tailored pricing and product recommendations, boosting customer engagement even in low-spend environments.

- **Supply chain disruption**: AI strengthens supply chain resilience through predictive analytics, improving demand forecasting and inventory management to minimise stockouts or overstocking. It also uncovers inefficiencies across the supply chain by analysing data from end to end and recommending actionable improvements. These insights reduce costs and improve agility amid ongoing global disruptions. Optimisation of all types of planning, from demand and supply to transportation is crucial in today's supply chains.

- **Skilled workers shortage**: AI addresses labour shortages by delivering personalised training programmes that help upskill current employees efficiently. It also enhances recruitment with intelligent tools that assess candidate fit and streamline the hiring process. This dual approach accelerates workforce development and helps secure the right talent for evolving business needs.

AI in action—Leading European Consumer Packaged Goods (CPG) company

Accenture has helped a leading European CPG company, which already built a strong digital core as part of its reinvention journey, to leverage the power of gen AI to create new value. Accenture and the European CPG company co-developed a digital shelf console pilot, a gen AI engine that accelerates content creation for e-commerce and optimises it to drive sales.

The engine empowers marketers to audit and customise content at scale, which is expected to reduce the time to deliver content drastically. What used to take a year to develop is now expected to take just eight working days and save costs of up to 80%. Once scaled, this will enable the company to produce more targeted content with significant time and cost efficiency, increasing sales and transforming customer experiences.

05 | Energy

Energy

0.4%

Contribution to GDP (2022–2024)[15]

9.1%

Productivity (2015–2023 CAGR)[16]

40%

Hours in scope for augmentation/automation by gen AI[17]

43

AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

35%

AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The energy sector encompasses companies that provide a broad range of activities supporting the production, exploration and management of energy sources.

While the European energy sector makes up a small share of regional GDP at 0.4%, the sector has seen strong productivity growth, at a rate of 9.1% since 2015. Looking forward gen AI presents significant value to the European energy sector with 40% of hours in scope for augmentation/automation.

The AI capabilities of the European energy industry are midfield compared to its peers, with a score on our AI capabilities index of 43/100, just slightly below the European average of 45/100. The industry is currently scaling fewer AI initiatives compared to other European industries, like customer engagement and trading predictions—just over one-third (35%) of firms have scaled at least one strategic bet. Key obstacles to scaling include building multi-disciplinary teams and creating end-to-end data foundations to eliminate data silos.

Top strategic bets

Rank of scaled bets

01	Customer engagement
02	Trading predictions
03	Health and safety
04	Automatic report compilation
05	Augmented field worker
06	Automatic analysis and work order generation
07	AI powered drilling
08	Automatic inventory management

How AI can help solve three key sector challenges

- **Energy security and price volatility**: AI improves energy resilience by optimising storage and distribution to maintain supply during disruptions. Through predictive forecasting, AI can anticipate price fluctuations using real-time market data, enabling smarter trading and hedging strategies.

- **Transitioning to renewables**: AI enhances forecasting of renewable energy generation and consumption by analysing historical and real-time data, helping to balance supply and demand. It also supports risk management by detecting patterns in technological and market uncertainties. These insights reduce operational risks and attract investment by boosting confidence in long-term renewables strategies.

- **Regulatory complexity**: AI automates compliance tracking across jurisdictions, reducing the burden of navigating constantly evolving regulations. It compares and interprets different regulatory frameworks, helping companies develop unified strategies across EU markets. This streamlines operations and supports better-informed investment decisions.

AI in action—Moeve

Moeve, formerly CEPSA, has developed a comprehensive AI strategy to align with their broader transformation strategy to become a leader in sustainable energy solutions. To do this, the company has been incorporating technological advancements, including AI, into its production facilities. For example, its Huelva plant, which will be the largest plant in Southern Europe with a capacity to produce half a million tons per year of Sustainable Aviation Fuels (SAF) and renewable diesel, is based on a native digital conception, with fully interconnected and real-time data processing capabilities thanks to AI.[18] This initiative will enable Moeve to optimise production and distribution capacity, with ongoing efficiency enhancements that can be directed towards fostering new investments in innovation and sustainability.

Accenture is working with Moeve to provide end-to-end decarbonisation services. We will work together designing and implementing their go-to-market strategy at scale, develop solutions and data platforms to accelerate its customers' decarbonisation and use gen AI to address the complex challenge of reducing emissions in global supply chains. Having the customer at the center is one of their priorities, for which Accenture are ready.

Together, Accenture will help Moeve lead the way towards energy transition driving solutions that help its customers decarbonise their energy footprint.

06 | Industrial

Industrial

26.7%
Contribution to GDP (2022–2024)[19]

0.1%
Productivity (2015–2023 CAGR)[20]

40%
Hours in scope for augmentation/automation by gen AI[21]

49
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

50%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The industrial sector covers a wide range of activities, including power generation and distribution equipment, and industrial, rail, agricultural and construction machinery and equipment, amongst others.

The industrial sector makes the largest contribution to regional output (26.7%) of the ten industries we cover. Productivity growth (0.1%) has been broadly flat over recent years, but AI has the potential to boost efficiency across the value chain, especially given 40% of working hours are in scope to be augmented or automated by gen AI.

The AI capabilities of the industry are slightly ahead of the regional average, scoring 49/100 on our index (European average 45/100). Meanwhile, the industry places fourth in its scaling rate, with 50% of firms having scaled at least one strategic bet, such as inventory automation and quality control. Despite high industry awareness of AI's potential, few companies have increased their investments adequately. A major barrier, cited by 40%, is managing security and privacy risks when scaling gen AI.

Top strategic bets

Rank of scaled bets

01	Demand forecasting and automated inventory management
02	Manufacturing process optimisation
03	Automated quality control
04	Sales support by generating insights and showing opportunities per customer
05	External-facing chatbots for sales
06	Automation of HR processes
07	Generative design of new machines and design optimisation
08	Creation of customer-specific marketing campaigns

How AI can help solve three key sector challenges

- **High energy prices**: AI can reduce energy costs in power-intensive operations—such as running heavy machinery, HVAC systems and automated factory lines—by forecasting demand and optimising energy procurement strategies. It enables smart scheduling of equipment usage and manages energy storage systems to provide stable supply during peak demand.

- **Complex regulatory compliance and bureaucracy**: AI can streamline data gathering and flag anomalies in compliance reporting, reducing time spent on manual audits and documentation. It can also deliver role-specific, AI-powered training across large workforces to ensure plant operators, field engineers and equipment technicians stay current with evolving standards.

- **Supply chain disruptions**: AI can assess supplier reliability, detect risks and recommend diversified sourcing strategies. It provides end-to-end visibility into the movement of large-scale equipment and components using GPS and IoT integration. This helps industrial players proactively manage production timelines, avoid bottlenecks and improve delivery accuracy for capital-intensive projects.

AI in action—Siemens

“We see an opportunity for AI to make people happier at every stage of the value chain,” says Prof. Dr. Sonja Zillner, Trustworthy AI Lead at Siemens. “We’re talking about making almost any physical product out there more efficient, more resilient, more sustainable. Pretty soon, all industrial products and software will have an AI component.”

German industrial giant Siemens sees gen AI as a gamechanger, helping to improve human-machine collaboration and to accelerate development and innovation cycles in both operations and engineering environments. At the centre of this vision is the Siemens Industrial Copilot, which uses natural language input to increase productivity by helping automation engineers generate code and diagnose faults faster. Zillner says: “When we have the right data streams in place, we see clear gains in terms of time needed to search through manuals or look for spare parts. This is not about replacing humans—it’s about making our people more productive.”

Building trust is critical to realising this vision. Siemens have designed a new risk management approach when working with gen AI which is informed by an exhaustive yet evolving list of predefined hazards. “You cannot scale AI without trust; people simply won’t use it. At the end of the day, anything we build must meet industrial-grade requirements, machinery directives and existing product standards.”

07 | Life Sciences

Life Sciences

1.3%
Contribution to GDP (2022–2024)[22]

3.3%
Productivity (2015–2023 CAGR)[23]

49%
Hours in scope for augmentation/automation by gen AI[24]

51
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

41%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

Businesses in the life sciences industry aim to improve human health by researching, developing and producing products and services related to living organisms, such as pharmaceuticals, biotechnology, medical devices and diagnostics.

In Europe, life sciences accounts for 1.3% of regional output, ranking it seventh largest of the 10 sectors we study in this paper. Productivity growth over recent years has been solid, if unspectacular, at 3.3%. But the advent of gen AI holds much promise with 49% of working hours estimated to be augmentable or automatable. The eurozone accounts for approximately 13% of US imports, making the sector particularly exposed to rising tariffs.[25]

European life sciences companies show strong AI capabilities, ranking third in terms of the score on our AI capabilities index with 51/100. That said, life sciences companies have a slightly weaker performance relative to their capabilities when it comes to the rate they are scaling AI strategic bets: only 41% of firms have scaled at least one bet. Life sciences executives reported in our survey that they face challenges in building high-quality data foundations, forming multi-disciplinary teams and managing security risks, which limit the adoption of gen AI at scale.

Top strategic bets

Rank of scaled bets

01 Accelerate time to approval

02 Maximise health and economic outcomes

03 Optimise patient access to therapy

04 Insights to plan to report

05 Accelerate time to clinic

How AI can help solve three key sector challenges

- **Regulatory compliance**: AI helps companies navigate fragmented EU regulatory landscapes by automating compliance across jurisdictions. Tools like Natural Language Processing (NLP) and machine learning interpret diverse regulatory texts and flag country-specific requirements.
- **Drug discovery and development costs**: AI accelerates drug discovery by predicting the viability of compounds early in the R&D cycle, lowering the risk of costly late-stage failures. Deep learning models analyse genomic, molecular and clinical data to identify promising candidates faster and more accurately. AI enabled digital twins elevate safety and efficacy in trials, whilst AI decision models can help trials to target treatments with higher specificity and make precision treatments possible in patient subpopulations.
- **Data management and analysis**: AI integrates and analyses complex datasets from sources such as clinical trials, real-world evidence and multiomic research. It breaks down data siloes and applies de-identification techniques to ensure GDPR compliance while preserving data utility. These capabilities enable more efficient R&D and better-informed scientific and business decisions.

AI in action—Novo Nordisk

"Tech hype cycles sometimes come and go—but AI will be transformational," says Anders Romare, CIO & Senior Vice President, Digital, Data & IT at Novo Nordisk. "The productivity gains we are beginning to see, for example in drug discovery, are simply irresistible. And we are probably underestimating the long-term impact AI will have."

Digital innovation has steadily moved up the agenda over recent years at Novo Nordisk—one of the largest pharmaceutical companies in the world by earnings. There have been success stories, but the advent of AI, Romare argues, offers change of a different order of magnitude.

One area he is particularly excited about is the potential of AI to make drug discovery more efficient: only around 7% of the drugs developed get to market—and this takes 10–12 years on average. Augmenting scientists and technicians with gen AI could boost idea generation. What's more, gen AI could be a powerful tool to make sense of the huge volumes of data generated in clinical trials to reach a higher quality output.

Further down the value chain, Novo Nordisk is also looking at how AI can help to create more integrated healthcare solutions. For example, moving from helping people with diabetes and obesity manage their condition, to early detection to at least postpone such diseases. And providing people who need to inject insulin every day with regular, AI-powered feedback.

Companies need to get five things right to seize the AI opportunity, says Romare—data, models, people, processes, regulation—and he believes Europe is well-positioned. "AI is more than a technology," he argues. "Getting access to LLMs is only 10% of the challenge—and we can buy what we need. Upskilling—building AI literacy—is the key focus for us. And this requires deeper collaboration across industry and government".

08 | Public Service

Public Service

11.2%
Contribution to GDP (2022–2024)[26]

NA
Productivity (2015–2023 CAGR)

46%
Hours in scope for augmentation/automation by gen AI[27]

42
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

50%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The public service industry is diverse and localised, providing an almost innumerable list of public services—from public health to taxation to national security— to serve, and protect, the public. As citizen expectations evolve and demand on services increases, public-sector organisations must embrace a strategy of continuous reinvention to manage the rapid adjustments on future demands.

By 2050, the old-age dependency ratio, measure of how much support that can be given to older people by the working-age population—is expected to more than double to 56.7%, with less than two people of working age for each older person.[28] Given the demographic urgency of the ageing population, and the fact that the civil service accounts for 16% of total employment in the EU (2020 figures)[29], civil service enablement needs to be a priority for the public service.

Institutions are, however, often resource-constrained and reliant on fragmented and complicated processes. AI offers significant potential to improve efficiency in the sector, with up to 46% of working hours having the potential for augmentation or automation through gen AI.

European public service organisations exhibit medium levels of AI capabilities, with an AI capabilities index score of 42 (out of 100). That said, the industry performs well on scaling: 50% of European public service organisations have scaled at least one strategic bet, the third highest rate among our industry sample. Nevertheless, challenges still exist to scaling gen AI, with 39% of our respondents citing building end-to-end data foundation with availability of quality data as a key barrier.

Top strategic bets

Rank of scaled bets

01	Knowledge management for reporting or analysis
02	Backlog reductions in critical services
03	IT modernisation and code generation
04	Call centre and hyper personal agent powered support
05	Smart city and infrastructure management
06	Citizen services (document submission, payments)
07	Cyber security
08	Supply chain and resilience

How AI can help solve three key sector challenges

- **Efficiency and cost reduction**: Limited budgets and high demands can be alleviated to an extent by enhancing efficiency. Automating routine tasks, optimising resource allocations and streamlining processes can all be achieved with AI.
- **Data management and utilisation**: The vast amounts of data that public agencies handle is overwhelming to manage and utilise effectively. Machine learning and advanced analytics can extract valuable insights from this data to inform decision-making, enhance service delivery and improve policy outcomes.
- **Public engagement and service personalisation**: AI offers a real opportunity to effectively engage with the public and deliver more personalised services based on data-driven insights, improving user satisfaction and accessibility. Chatbots and virtual assistants that provide 24/7 service and support can enhance engagement, whilst the new wave of agentic AI solutions could take this to the next level with more proactive service delivery and support in more complex cases.

AI in action—Spain's Ministry of Justice

The wheels of justice are turning faster than ever thanks to the transformative power of gen AI and machine learning. Accenture has built an AI-powered judicial search engine called Delfos to help Spain's Ministry of Justice simplify how critical information about judicial processes and laws is accessed. Using large language models and Microsoft Cloud, Delfos gives users a quick, efficient way to access relevant information by searching hundreds of thousands of complex documents.

Delfos provides two key services. First, it takes a user's keywords or question and quickly searches for and finds the relevant content whether it's related to local, regional, countrywide or even European law. Second, it translates often jargon-heavy content into plain language that is easy to understand regardless of the user's judicial experience. The search engine's interface is simple to use and enables people to access and understand information that has historically been elusive and opaque. Delfos reduces the time it takes to locate specific information by 40%, making this essential part of everyday judicial work far simpler and more straightforward than ever before.

Accenture is using gen AI to help the Ministry of Justice better connect its people—searching for specific information will link users to colleagues across the country who have experience in that relevant area of law and can provide support.

Thanks to Delfos, Spain's Ministry of Justice now has almost instant access to vital information used in millions of cases each year.

09 | Telecommunications

Telecommunications

2.2%
Contribution to GDP (2022–2024)[30]

4.9%
Productivity (2015–2023 CAGR)[31]

55%
Hours in scope for augmentation/automation by gen AI[32]

38
AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

29%
AI scaling rate (proportion of companies that have scaled at least one strategic bet)

The telecommunications industry includes communication services providers.

The telecommunications sector alone makes up 2.2% of regional GDP, with productivity across broader industry rising to 4.9% since 2015. The industry stands to gain even further benefits, with up to 55% of hours in scope for augmentation/automation by gen AI.

The European telecommunications industry lags in AI capabilities, with an index score of 38 (out of 100), the lowest in our sample. Yet, there is a more optimistic perspective when considering the scaling rate of AI strategic bets, with almost one third (29%) of telecom companies scaling at least one strategic AI. Through the scaling of gen AI, 41% of our telecommunication respondents identified the elimination of data silos and the creation of high-quality end-to-end data foundations as a major barrier.

Top strategic bets

Rank of scaled bets

01	Marketing content generation
02	Automate back-office operations
03	Field engineer technical assistant
04	Sales co-pilot
05	Customer experience and care agent co-pilot
06	Digital twin for customer churn management
07	Automated legal document generation
08	Self-healing automated network

How AI can help solve three key sector challenges

- **Intense competition and market fragmentation**: AI can identify operational synergies across fragmented operators, supporting consolidation and efficiency improvements. It also optimises network performance, helping companies scale and compete with larger global players.
- **Slow 5G rollout and limited build-out**: AI accelerates 5G deployment by optimising infrastructure planning, forecasting maintenance needs and improving resource allocation. These efficiencies reduce rollout costs and timelines, making investments more viable for financially constrained operators. The result is faster, more strategic expansion of digital infrastructure across Europe.
- **Difficulty in monetising network capabilities**: AI enables dynamic pricing and service personalisation based on user behaviour, network usage and quality demands. It also powers new monetisation models such as network application programme interface (APIs) and enterprise solutions. These capabilities help increase average revenue per reader (ARPU) and better capture the value of advanced network features.

AI in action—VMO2

Bringing together two of the UK's most iconic brands, with 45.8 million broadband, mobile, phone and home subscribers, Virgin Media O2 (VMO2) is adapting to meet rising customer expectations. To transform its customer service, the British telecom provider is harnessing digital technologies and putting customer needs at the core of its operations. Accenture helped VMO2 to strengthen its customer experience model by implementing cloud-based services and AI tools like Amazon Connect. As a result, VMO2's net promoter score (NPS) jumped by up to 35% in some areas of service while increasing same-day complaints closure from 65% to 89%.

The AI-driven solution listens to customer interactions and draws on customer data to suggest responses to agents in real-time, improving support speed and quality. Additionally, an applied AI-guided flow tool has reduced the time it takes to document each call from 80 seconds to a matter of moments allowing agents to support the next customer more quickly. These AI solutions have helped to boost customer satisfaction – with the number of complaints filed to the UK telecoms regulator having fallen significantly over recent months – which, in turn, has also helped to reduce VMO2's admin workload. Additionally, thanks to new opportunities unlocked by AI to upsell during customer interactions, sales through-service revenue has risen, while also reducing customer service operating expenses.

10 | Utilities

Utilities

1.8%

Contribution to GDP (2022–2024)[33]

2.8%

Productivity (2015–2023 CAGR)[34]

33%

Hours in scope for augmentation/automation by gen AI[35]

39

AI capabilities index score (score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas)

16%

AI scaling rate (proportion of companies that have scaled at least one strategic bet)

Businesses in the utilities industry provide access to critical resources of electricity, gas and water to consumers.

In Europe, utilities companies account for 1.8% of regional output, with productivity over recent years growing at a steady 2.8%. However, gen AI holds much promise for the industry with 33% of working hours estimated to be augmentable or automatable.

European utilities companies display low levels in AI capabilities, with an index score of 39 (out of 100), the second lowest in our sample. Additionally, the utilities industry exhibits the lowest levels of AI scaling rate, with only 16% of companies having scaled at least 1 strategic bet. About half of our Utilities respondents stated that building and maintaining multi-disciplinary teams was a key barrier to scaling gen AI.

Top strategic bets

Rank of scaled bets

01	Workforce operations optimisation
02	Generation forecasting
03	Augmented asset management
04	Customer pricing strategy
05	Automated documentation
06	Personalised promo offers and campaigns
07	Accelerated regulatory filing and permitting
08	Site selection accelerator

How AI can help solve three key sector challenges

- **Integrating renewable energy**: AI improves grid stability by forecasting renewable energy output and demand patterns using weather and production data. This enables better balancing of intermittent sources like wind and solar while reducing reliance on fossil fuel backups. AI also supports faster permitting and connection planning by optimising infrastructure deployment timelines.

- **Energy security and geopolitical risks**: AI enhances energy security by forecasting demand and optimising resource allocation, reducing dependency on volatile energy imports. It can model geopolitical risk scenarios, helping utilities build resilient contingency plans.

- **Aging infrastructure**: AI-powered predictive maintenance monitors aging assets in real time, identifying early signs of failure to minimise downtime and repair costs. Intelligent asset management tools prioritise upgrades based on criticality and condition, ensuring efficient resource allocation. This extends asset lifespan and boosts reliability across legacy systems.

AI in action—National Grid

National Grid Partners is the corporate venture capital and innovation arm of British multinational electricity and gas utility National Grid. Since 2018, it has invested more than US$150 million in 18 AI startups focusing on energy innovations. Most of its portfolio are helping National Grid business units to streamline operations, boost safety and reliability, improve customer service and speed the development of tomorrow's energy networks.

For example, by using AI combined with digital twins from Sensat, National Grid has been able to accelerate the pace of substation upgrades and hooking up data centres to the grid. Using AI-powered satellite data from AiDASH, National Grid has identified trees near power lines that has reduced outages by 30%. Meanwhile employing AI and advanced sensors from Exodigo allows National Grid to "see" underground, boosting efficiency of energy infrastructure development.

Steve Smith, President of National Grid Partners and Chief Strategy and Regulation Officer at National Grid, said: "AI is helping us improve operations and achieve efficiencies we never could with legacy technologies. Our AI-powered portfolio is doing everything from accelerating critical construction timelines to boosting transmission line capacity for **National Grid**."[36]

From ambition to altitude, together

Europe's migration to the AI era is well underway. As this sector-level analysis shows, AI progress across the region is uneven. Companies in some industries—like automotive, aerospace and defence and life sciences—are surging ahead and boldly scaling transformative AI investments. Others—especially in infrastructure sectors such as telecoms, utilities and consumer goods—remain constrained by debilitating hurdles, including fragmented data, skills shortages and ever-evolving security concerns.

To reach peak altitude and drive competitiveness in an AI-powered world, Europe needs more than momentum. It needs scale at speed, and a coordinated approach between sectors and countries.

This means doubling down on the priorities set out in Part A—and turning them into targeted, industry-wide action.

- Supporting smaller companies must be a priority. With stronger infrastructure, shared compute capacity and access to quality data, these businesses can play a much bigger role. Initiatives like the proposed 'CERN for AI' gigafactories and the EU Cloud and AI Development Act are strong steps in the right direction. Larger firms also have a part to play, by helping partners build capability and manage risk.
- Building a sovereign AI ecosystem is no longer optional. Geopolitical uncertainty has made Europe's reliance on external platforms and models increasingly risky. Programmes such as Eurostack, and use-case-led investment in healthcare, defence and transport, will be essential to ensure Europe can lead on its own terms.
- Europe needs a joined-up industrial strategy—one that transcends sectors, borders and silos. Interoperability and regulatory clarity are essential, and collaborative platforms such as Catena-X can help turn national pilots into regional progress.

If Europe can get this right, it has the chance to lead—not just in responsible AI, but in scaling innovation that drives resilience, inclusion and growth.

The path forward is clear. Yet it's not a given. How Europe's business and public sector leaders respond to the twin pressures of global disruption and technological change will shape the region's next chapter.

This dual report provides an AI status check and a blueprint for investment. Progress now depends on action. Europe must act with focus if AI is to take flight.

Europe needs to scale AI at speed, with a coordinated approach, to soar in an AI-powered world.

Appendix

For method please see Part A

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Core contributors

Agata Dowbor

Ana Ruiz Hernanz

Andy Rowlands

Dominique Lewis

Francois Luu

Katia De Vos

Laurence Morvan

Lie Junius

Mattia Dalle Vedove

Ulf Henning

Additional contributors

Andreas Egetenmeyer

Andrew Levy

Bryan Rich

Claudio Chirurgi

Davide Bellini

Emma Blackburn

Emmanuel Lalloz

Iana Vassileva

Jakub Wiatrak

Karen N. Wolf

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