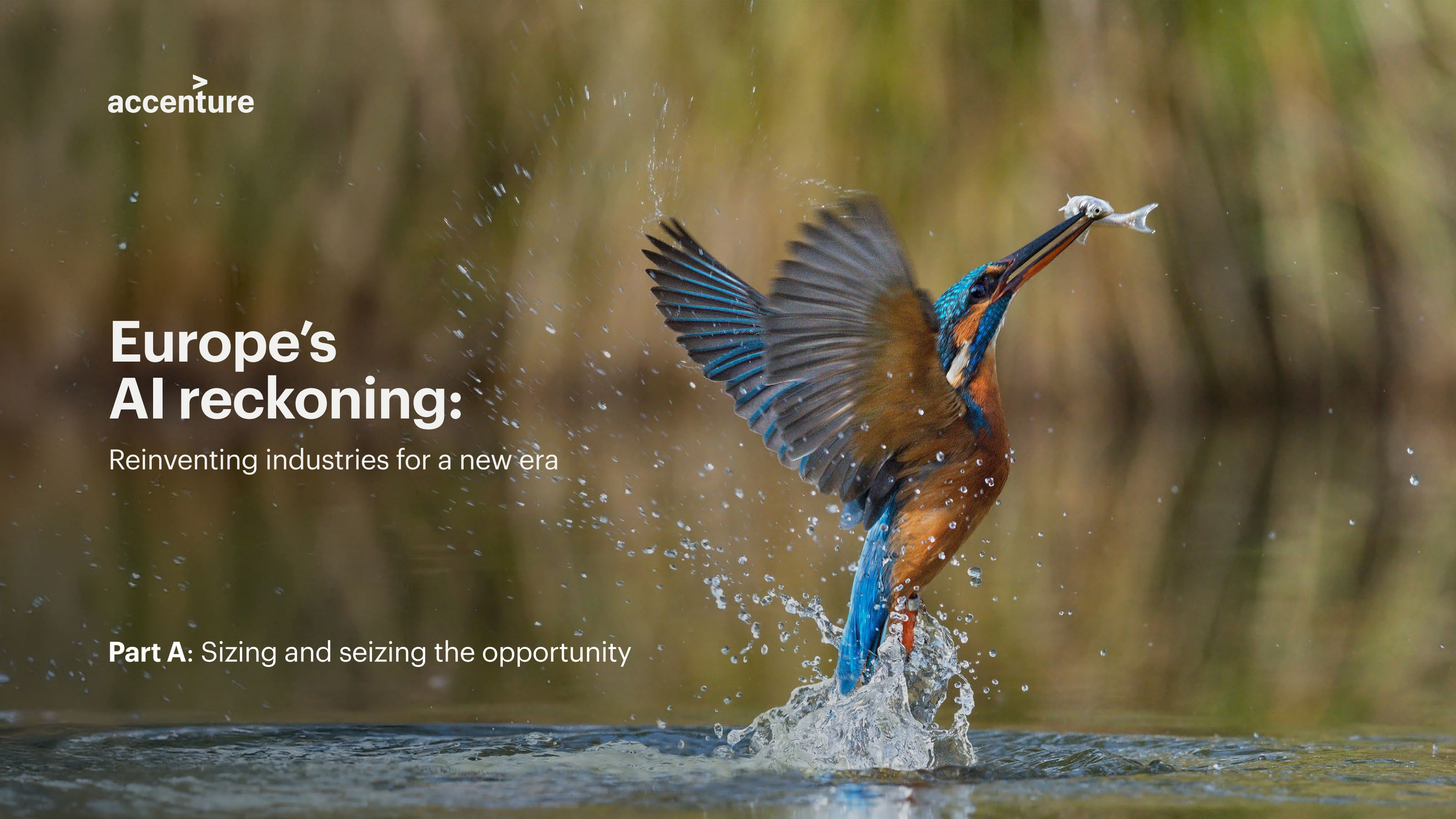
accenture

Europe's AI reckoning:

Reinventing industries for a new era

Part A: Sizing and seizing the opportunity



Authors

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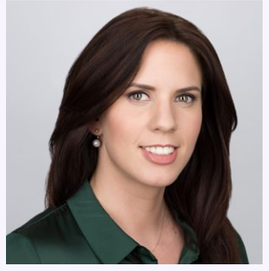

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01 | Executive summary

In **The Future of European Competitiveness**, former European Central Bank chief Mario Draghi sounded the alarm about this region's economic health. Finding solutions has only become more urgent as geopolitical tensions rise. In this report, we explore the potential of artificial intelligence (AI) to boost productivity and help Europe rediscover its competitive edge.

Europe's productivity challenge is growing. Today, the average European worker produces 76% as much as their American counterpart, having been on par in 1996. Persistent underinvestment in technology[1] is the clear root cause—a trend Accenture explored in our report, **Innovate or Fade**.[2]

Outlining AI as a potential solution to Europe's productivity malaise, Draghi highlighted the technology's transformative power on industries from automotive and energy to life sciences. We agree. Yet, our research finds organisations across the continent are letting this opportunity slip through their fingers: 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. To close the competitiveness gap, Europe needs to accelerate the adoption of AI—and especially generative AI (gen AI).

AI is not a silver bullet. It will not directly solve perennial issues such as regulatory complexity, a lack of risk capital or the fragmented single market. Nor can it shield European companies from rising trade barriers or subsequent market uncertainty. But AI can be a powerful tool—helping organisations work more efficiently, make smarter decisions and improve forecasting and real-time analytics. When combined with human expertise, AI offers a clear path to productivity growth and greater resilience—essential to meet Europe's economic, social and environmental ambitions.

Take electricity, for which European businesses pay 2–3x more than their US peers.[3] In the short term, the energy-hungry nature of AI is likely to increase demand. But used wisely, AI could soon help bring costs down. Combined with European strengths and technological leadership in renewables, such as offshore wind, AI tools can improve demand and supply forecasting, predictive maintenance and grid management.[4]

56%

of large European organisations have yet to scale a truly transformative AI investment.

Europe must scale up AI-powered business reinvention investments

Given the untapped potential, the question is: How can European businesses seize the AI opportunity?

We began by looking at how many companies are scaling large, transformational gen AI investments that we call ‘strategic bets’. These bets offer more than incremental value; they promise to drive industry-specific, process-level efficiencies, and so boost productivity, innovation and revenue growth.

Right now, Europe is falling behind. Just 8% of the strategic bets we studied are being scaled. But we found pockets of strength in certain industries, particularly among the largest companies. In automotive, for example, 70% of companies have scaled at least one strategic bet (with most focused on enhancing product design and customer engagement). Aerospace and defence follows (63%), with companies focusing mostly on improving simulations—such as crash tests and aerodynamics—and providing in-use data analysis. Meanwhile, just 16% of utilities companies have scaled bets to improve processes such as generation forecasting and proactive maintenance.

Across all sectors, we found Europe’s largest companies—those with annual revenues greater than $10 billion—forging ahead. Nearly half (48%) of these multinational, often world-leading companies have scaled at least one strategic bet, on par with their US counterparts. In contrast, just 31% of companies with annual revenues between $1 billion - $9.9 billion have done the same. That leaves plenty of scope to accelerate AI adoption across the continent—a truth more pressing given the US is home to a third more large companies than Europe.

48%

of Europe’s largest organisations have scaled a strategic AI bet—compared to just

31%

of smaller peers.

European organisations must develop ‘cognitive digital brains’ to become AI-ready

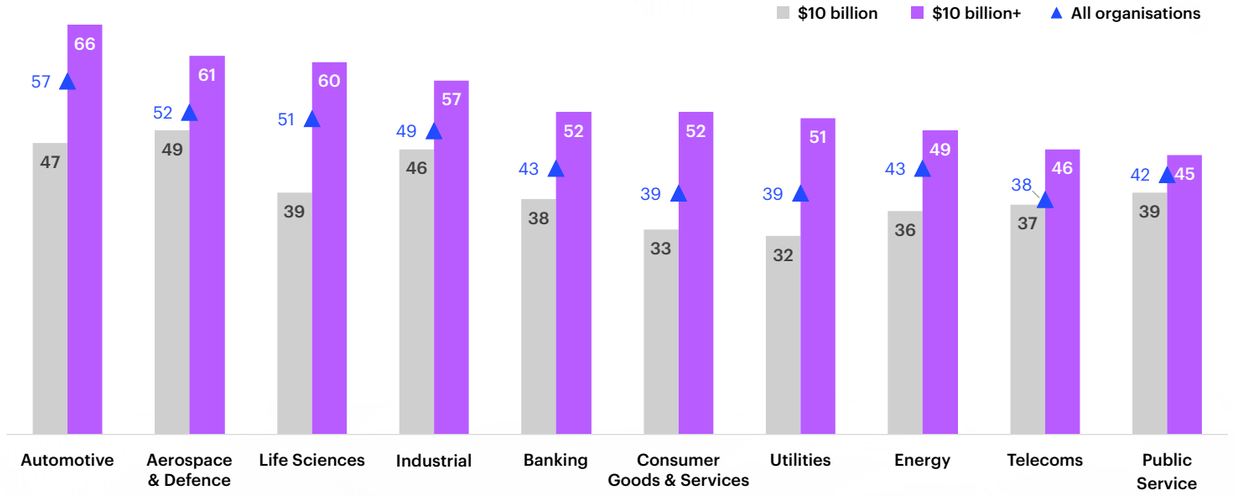
To seize this opportunity, European companies must boost the AI capabilities that make scaling strategic bets possible—from talent and data governance to the use of foundation models.

Today, the largest European companies score an average of 54 (out of 100) on our index measuring the development and deployment of these capabilities, again equal with US peers. However, those in the next revenue bracket down score just 39. That gap makes a significant difference to progress; for example, larger European businesses are more than 3x as likely to have integrated autonomous AI agents into various functions.

Again, there is also clear score variation by industry, with automotive (57) and aerospace and defence (52) standing out at the top end, and utilities (39) and telecoms (38) at the bottom (see Figure 1).

Figure 1

Larger organisations in Europe tend to have stronger AI capabilities
Index score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas



Source: Accenture Research, Europe n=800; of which n=632 in ten industries shown

The returns on raising the bar across the continent are significant. **If the AI capabilities of all $1 billion+ companies in Europe matched those in leading sectors, it could add almost €200 billion ($225 billion) to annual business revenues.** That's equivalent to adding an economy the size of Hungary to regional GDP.[5] The biggest opportunity to improve AI capabilities lies in industrial—which contributes more than a quarter of European output—and in sectors that provide critical infrastructure, such as energy, telecoms and utilities.

Moreover, by strengthening their AI capabilities, organisations open the door to new ways of working. Business leaders must recognise AI as more than a tool to be layered on to current processes. It is a way of reinventing for efficiency (finally breaking down silos), democratising knowledge and enhancing collaboration between autonomous agents and people. The end-goal is a 'cognitive digital brain'—a central nervous system for enterprise decision-making and continuous learning. Introduced in Accenture's **Technology Vision 2025**[6], this connected system organises, processes and acts on data about businesses and the wider world in real-time.

For organisations that can quickly identify and close AI skills gaps at scale, the benefits of this digital thread connecting all organisational functions are rapidly emerging. However, the flipside of continuous technological transformation is greater exposure to external threats such as unauthorised access and cyberattacks. These concerns are widespread—reported as a major barrier to implementing AI at scale especially by companies in utilities (48%), telecoms (41%) and industrial (40%). Building a secure digital core to reduce vulnerabilities, redundancy and technical debt is therefore critical.[7]

Europe must build a sovereign, federated AI ecosystem to drive innovation and productivity

Another challenge is how to reimagine Europe's AI ecosystem as geopolitical risks grow. Some European business leaders—even those outside heavily regulated industries—were already questioning their reliance on cloud and AI infrastructure from other regions. And we've seen a clear mindset shift since the recent imposition of US tariffs, as companies look to balance critical technology dependencies.

To build resilience, European companies can respond to sovereignty risks through a three-layered decoupling approach that factors in data workload sensitivities:

- **Architectural**: Use sovereign/private cloud for critical workloads to regain control over data.
- **Legal**: Operate with European and global trusted entities to reduce exposure to extraterritorial laws.
- **Supply chain**: Maximise open-source solutions to reduce dependence on proprietary software.

Still, individual company actions will only take Europe so far. To raise the regional bar and realise the promise of AI, Europe's leaders across the public and private sectors need to jumpstart the development of a robust, competitive AI ecosystem that avoids duplications and creates more synergies across major countries. This should focus on the following priorities:

- **Help smaller entities level up on AI:** Smaller organisations need access to more compute capacity and high-quality data, as well as the funding advice, networking and training to boost adoption of sector-specific AI solutions.
- **Nurture a sovereign European AI ecosystem:** Foster work with European cloud providers and AI producers, while enabling access to innovation from trusted global players as they develop sovereign solutions and local legal entities.
- **Develop a coordinated industrial strategy:** A federated AI ecosystem—underpinning a competitive and values-driven AI economy—should be grounded in interoperability, cross-industry and cross-border collaboration and regulatory alignment.

How Europe rises to the twin challenges of shifting geopolitics and maximising AI potential will shape its growth trajectory in the coming years. The current turmoil presents an opportunity to accelerate the regional economic reform agenda. Larger companies must embrace AI faster—and smaller peers must follow their lead.

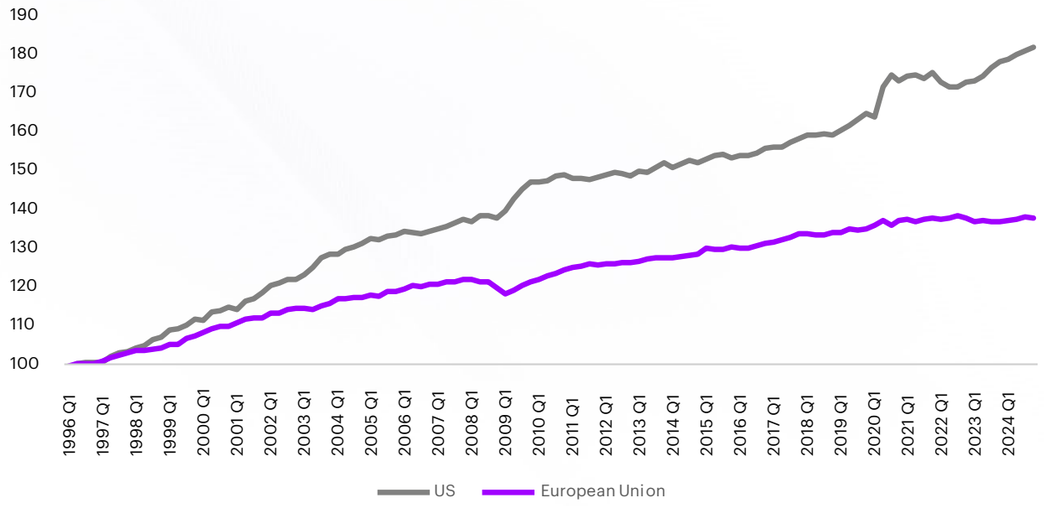
Now is the moment for Europe to lead by example—by turning principles into action and creating a resilient, inclusive and innovative AI ecosystem. This means an ecosystem that safeguards its autonomy, creates new jobs, nurtures domestic talent, fuels economic growth and upholds its identity in the digital century.

02 | Europe’s enduring technology challenge

Competitiveness is the watchword on the lips of politicians across Europe. In recent years, shocks such as Brexit, the Covid-19 pandemic and the Ukraine war have disrupted supply chains, stretched government budgets and pushed inflation—and interest rates—higher. And now, the imposition of US tariffs threatens to trigger a trade war. Together, these pressures are hindering business growth and investment—and fueling Europe's calls for digital sovereignty.

Figure 2

Labour productivity has risen much faster in United States vs. Europe
Index where 1996 = 100



Source: ECB; Accenture analysis

The report released last year by Mario Draghi highlights productivity growth as key to boosting regional competitiveness. In 1996, labour productivity in the US and Europe was equal (see Figure 2). By 2005, the average European worker produced only 85% of their American counterparts' output. Today that figure is 76%.[8]

Why? A post-pandemic slump across the continent—but notably in France and Germany—is certainly a factor. However, the longer-standing issue of slower adoption and diffusion of technology is the primary culprit. In sectors with higher-intensity use of information communication technology (ICT) sectors, productivity climbed by 120% in the US, compared with less than 50% in Europe.[i] This compares with 20% and 5% in lower-intensity use sectors, respectively.[9]

Recent Accenture analysis underscores this trend. In **The Productivity Payoff**, we found that high productivity companies in Europe spend 27% and 15% more on IT and AI respectively, per employee, compared with lower productivity peers.[10] And in **Innovate or Fade,** we revealed that slow tech adoption cost European companies $3.2 trillion in lost revenues in the period 2023–24.[11]

i Sectors were split by above and below median for of capital stock in IT, software and communication equipment as a share of total capital stock; analysis included Germany, France, Italy, Spain, Netherlands, Portugal, Belgium and Austria

Will Europe catch the big AI wave—or drift further behind?

AI use cases and success stories are growing by the day; at Accenture, we recorded $3 billion in new gen AI bookings in the last fiscal year, and $1.4 billion in Q2 FY2025 alone.[12] But this is only the beginning. As the technology becomes generalised—as it diffuses throughout enterprises and society—the proliferation of autonomous AI systems could take humanity to new levels of capability, performance and progress.[13]

There are some positive indicators that Europe is ready to seize the opportunity. Europe's largest companies are forging ahead, and the recently released **AI Continent Action Plan**[14] sets out to equip Europe with the necessary computing, cloud and data infrastructure to establish the region as a globally competitive AI power. Anders Romare, CIO & Senior Vice President, Digital, Data & IT at Novo Nordisk, expects the impact of AI to be "transformational", describing the productivity gains beginning to emerge in life sciences as "irresistible".

However, business adoption rates remain low. A European Commission study found just 13% of businesses in the region using AI—although this rose to 41% of larger businesses.[15] Estimates of uptake in the US range from 20% to 40%.[16] Similarly, AI investment levels in the US are almost 3x higher than in Europe—as well as in related areas such as big data and analytics (2x), cloud (2.4x) and security (2x).[17]

> "The past four years have proven beyond a shadow of a doubt the importance of strengthening our competitiveness."[18]
>
> Ursula von der Leyen, President—European Commission

European companies are still experimenting with AI — not reinventing

Our survey of 800 European business leaders confirms the untapped potential of AI. We find relatively few organisations in the region making the large, transformational gen AI investments that drive productivity, innovation and growth.

Companies can invest in AI in two broad ways, as described in a previous Accenture report, **Reinvention in the age of generative AI**.[19] The first is via 'table stakes'—lower cost, lower-impact investments that drive broad AI adoption within an organisation and validate specific use cases. Examples include co-pilots for software development, AI-enabled chatbots and content creation support.

The second option—'strategic bets'—are of a different order of magnitude. They are larger, longer-term investments embedded into company strategy. Focused on the core of a company's value chain, they aim to transform industry-specific processes and drive step-change improvements in productivity, innovation and growth. Examples include AI-driven asset management in the utilities industry, accelerating the approvals of new pharmaceuticals in life sciences and product design with digital twins in automotive.

"It's easy to start with the low-hanging fruit. You might be thinking about making your existing factory better, optimising the processes you already have. But we need to be asking deeper questions, like 'why is the factory there at all?' When you're completely rethinking the way your business operates—that's where AI comes into its own."

Graham Smith, Head of AI, Data Science and Innovation, NatWest

Strategic bets: Significant, long-term AI investments that drive transformative, industry-specific, process-level efficiencies, productivity, innovation and revenue growth. Distinct from foundational 'table stakes' investments that validate specific uses cases, offering incremental value.

In our survey, respondents were presented with between five and 14 strategic bets specific to their industry (see Appendix A for full list). They indicated how gen AI is helping them achieve each bet, with responses ranging from “no plans” to “fully scaled program”.

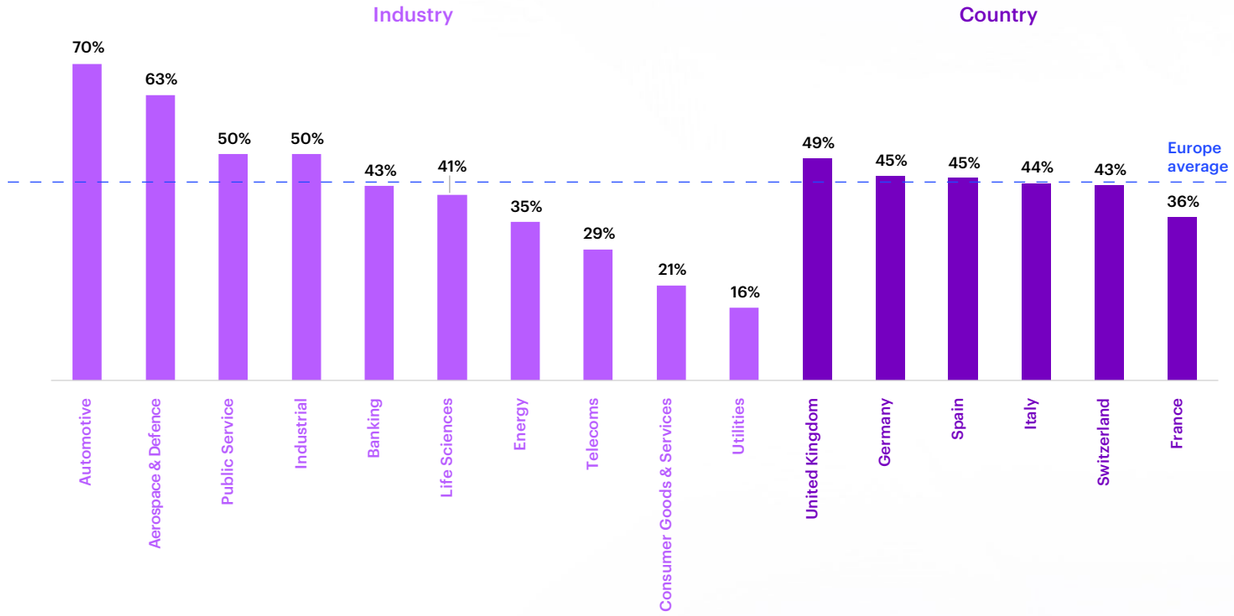
Overall, just 8% of these bets have been scaled in Europe, with a further 34% in early stages and 43% at the planning stage. Productivity is the primary focus of European companies currently: 21% have scaled at least one bet in this area. Bets related to boosting growth (19%) came next, followed by those seeking to improve customer experience (13%) and compliance and risk (12%).

Some industries are notably more advanced (see Figure 3). In automotive, 70% of companies have scaled at least one strategic bet as the industry looks to rediscover its competitive edge following a bumpy transition to electric vehicles (EVs). Next is aerospace and defence (63%), an increasingly pivotal industry given the Ukraine war and Europe’s need to increase military expenditure. With cash-strapped governments across the region looking to AI to drive efficiencies and meet rising demand, 50% of public service organisations have scaled at least one bet—level with industrial.[ii]

There is slightly less variation by country, but the UK (49%) emerges as the country where companies are most likely to have scaled bets, followed by Germany and Spain (both 45%).

Figure 3

Automotive, aerospace and defence lead on AI-powered reinvention
Proportion of companies that have scaled at least 1 strategic bet; by industry and country



Source: Accenture Research; Europe N=800; In ten industries shown n= 632. Country results are weighted by the contribution of each sector to national economic output.

ii Includes heavy equipment; consumer durables; freight and logistics, construction, engineering and real estate; industrial and electrical equipment; industrial and automotive suppliers

Companies face both internal and external barriers to scaling AI

For AI to diffuse faster across the continent, both internal and external barriers to adoption must be tackled.

In our survey, building a robust data foundation that breaks down silos emerges as the top challenge for business leaders (42%), rising to 51% in the consumer goods and services industry (see Table 1). This is followed by building and maintaining multi-disciplinary teams (41%) that might include developers, domain experts and business analysts; companies in aerospace and defence and utilities (both 49%) see this as relatively more of a challenge. The third biggest barrier—security risk (33%)—is a particular issue in utilities, and the fourth—business value (26%)—in banking (35%).

AI literacy is also a challenge. Most European workers (95%) see value in working with gen AI, but many (60%) are worried about accuracy and job displacement.[20] A third do not feel suitably trained to use AI efficiently (36%) and almost three-quarters say their employer restricts access to gen AI tools (73%).[21] New AI tools cannot boost productivity if they go unused.

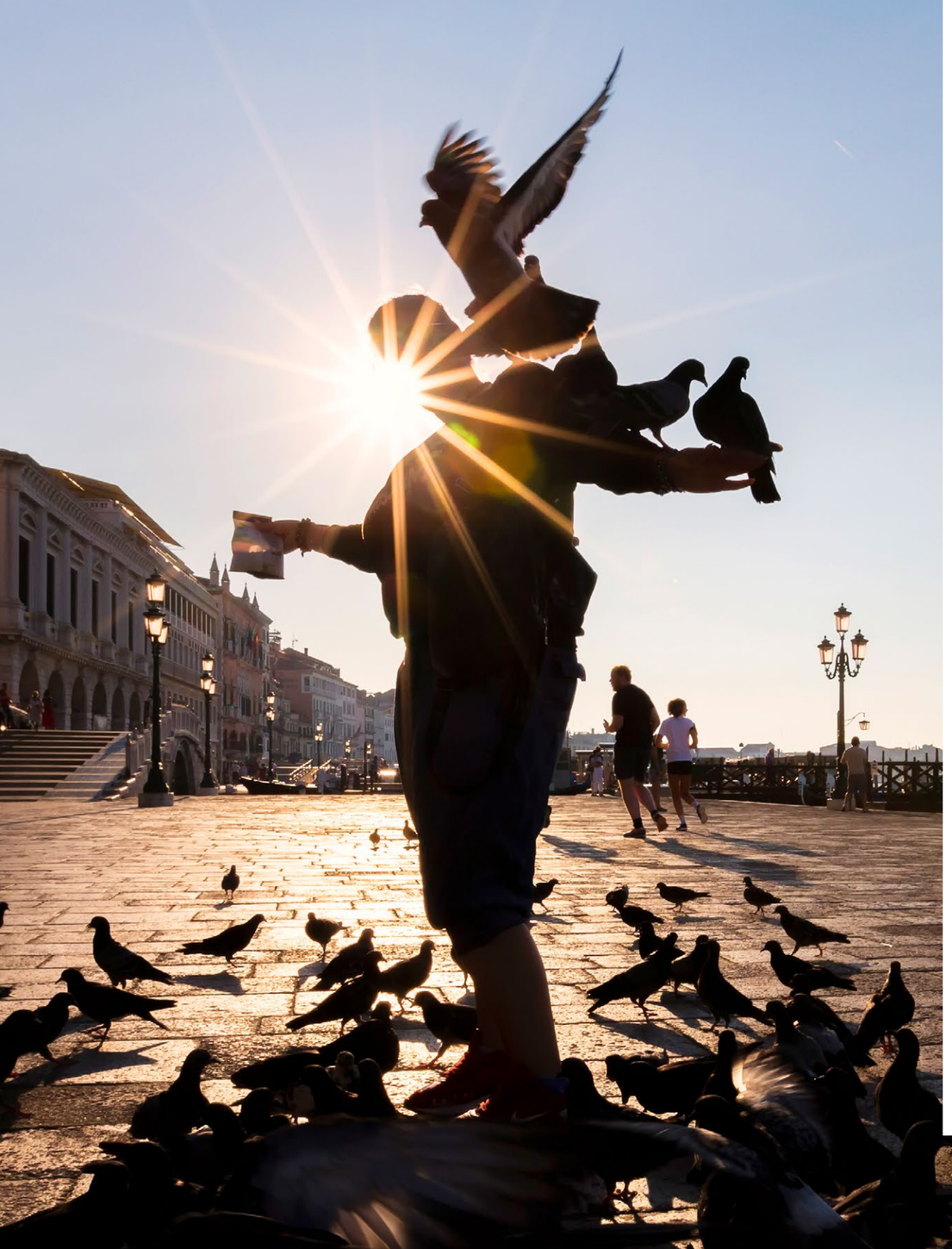
Table 1

Top five barriers European companies face when implementing gen AI at scale
(% of executives ranking a barrier in their top three from 15 options offered)

Barrier	European average	Highest in...
Data foundation	42%	Consumer Goods and Services (51%)
Multi-disciplinary teams	41%	Aerospace and defence, Utilities (both 49%)
Security risk	33%	Utilities (48%)
Business value	26%	Banking (35%)
Foundation Model Customisation	25%	Aerospace and defence (34%)

Source: Accenture Research, Europe N=800.

Note: "Multi-disciplinary teams" refers to the challenge of building and maintaining multi-disciplinary teams. "Data foundation" refers to the challenge of building an end-to-end data foundation with quality data. "Foundation model customisation" refers to the challenge of customising foundation models for specific purposes. "Business value" refers to the challenge of showing concrete use cases, with proven ROI. "Security risk" refers to the challenge of managing security and privacy risks.



Beyond the organisation, broader structural barriers—such as regulation, access to infrastructure, fragmentation and access to capital—hinder progress, especially for smaller companies that lack the resources to mitigate them.

Draghi cited restrictive legislation as a challenge for companies seeking to translate innovation into commercialisation.[22] Similarly, a lack of risk capital—funding for projects or ventures where there's a substantial possibility of a loss—hampers start-ups from scaling. In the 10 years prior to 2023, risk capital investments in the US were 5–7.5x higher than those in Europe.[23]

Further, public spending on research and innovation lacks scale in Europe. Just one-tenth takes place at the 'joined-up' EU level, and this is spread thinly across many fields. In the US, by contrast, most public spending on research and innovation is executed at the federal level, reducing complexity and bureaucratic burden by managing this centrally.[24]

The EU also lags on state-of-the-art infrastructure needed to enable digitalisation, such as data centre capacity. The US holds an estimated 70% of global computing power deployed for AI—compared with just 4% in Europe.[25]

Finally, whilst Europe boasts high-quality talent in STEM fields (science, technology, engineering and maths), the talent pipeline is tight. A total of 850 STEM graduates per million inhabitants graduate each year in the EU, compared with over 1,100 in the US. A reported 37% of individuals in the workforce lack basic digital skills, while 60% of EU firms report a lack of skills as a major barrier to investment in digital technologies.[26]

In section 6, we discuss how the EU and national governments are trying to address these issues.

03 Is Europe’s ‘long tail’ of smaller companies weighing on AI adoption?

The small proportion of strategic bets being scaled in Europe can, at least partially, be explained by company size—something that matters when it comes to AI.

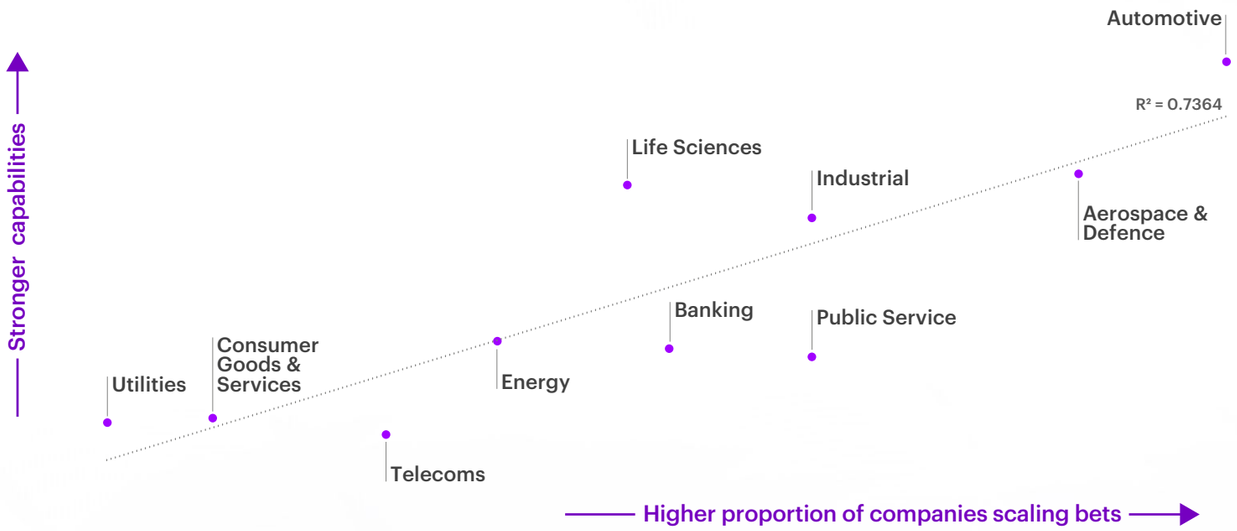
To assess the ability of companies to drive value from AI investments, survey respondents were asked questions around a core set of 10 AI-related capabilities, segmented into two groups: "Foundational capabilities"—which we linked in 2022 to high performance for customers, shareholders and employees[27]—and "New data & AI essential capabilities" identified in **The front-runners' guide to scaling AI** (see Appendix B). This second group encompasses key emerging capabilities, as companies deploy agentic AI to radically reinvent their organisational processes and workflows.

We then created an 'AI capability index' to measure and categorise companies based on their development and deployment of AI. As shown in Figure 4, industries with a strong score on the index are more likely to be scaling strategic bets.

AI Capabilities: The foundational and new essential capabilities needed to achieve value from AI investments.

Figure 4

Industries with stronger AI capabilities are more likely to be scaling strategic bets
AI capabilities vs proportion of companies scaling at least one bet; by industry, Europe

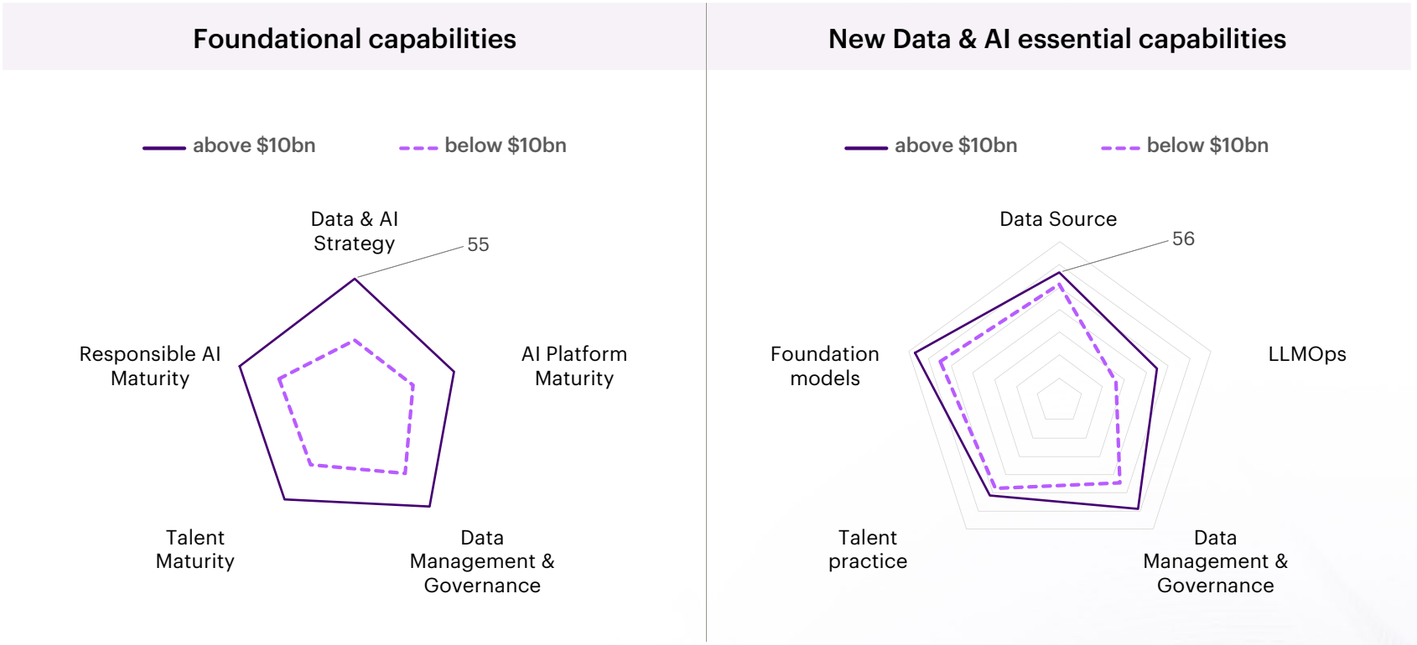


Source: Accenture Research; Europe N=800; of which in the ten industries shown n=632

Larger European companies have stronger capabilities across both domains compared with their smaller peers (see Figure 5). This gap is accentuated by other findings from our survey: for example, 91% of the largest ($10 billion+) European companies have appointed a Chief AI Officer (or similar), compared with 64% of smaller peers. And these larger companies are almost 3x more likely to have developed and implemented a core data and AI strategy (57% vs. 20%).

Figure 5

AI capability index: Larger companies in Europe tend to have stronger AI capabilities
Index score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas; Europe, by revenue

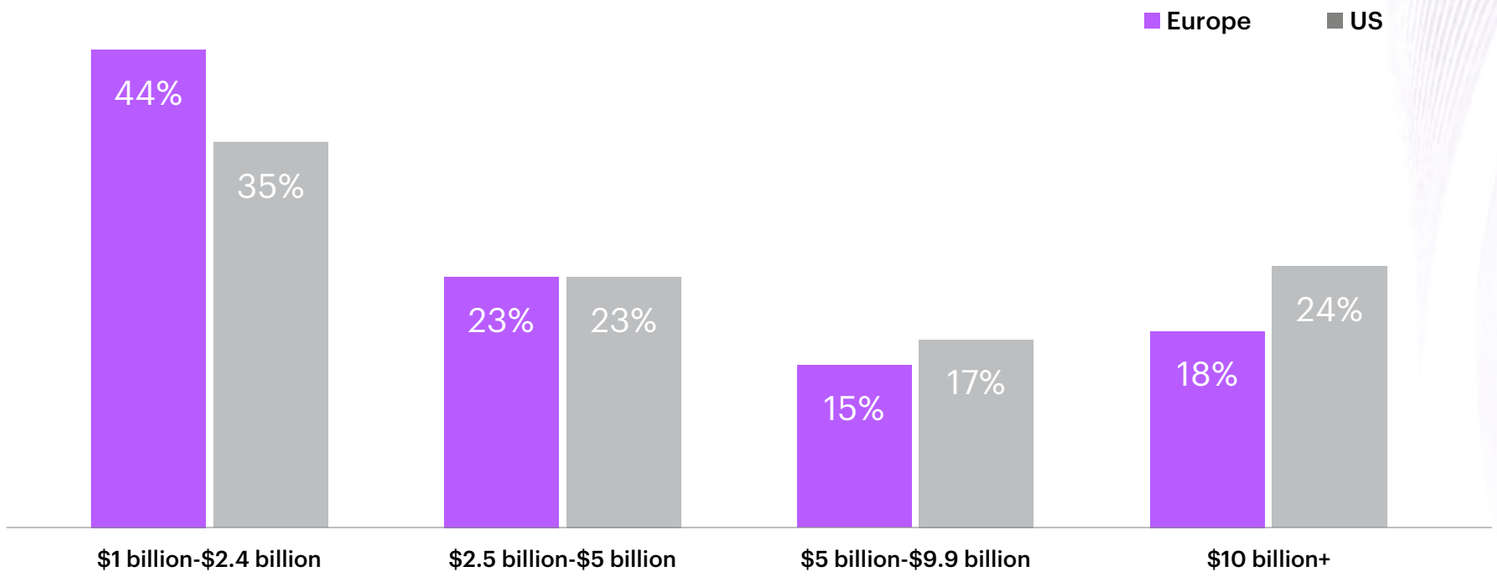


Source: Accenture Research; Europe N=800, above $10 billion n=316, below $10 billion n=484

The issue in Europe is that companies tend to be smaller than their US counterparts (see Figure 6). Considering companies with at least $1 billion in annual revenues, 44% in Europe turn over less than $2.5 billion, compared with 35% in the US. At the other end of the scale, 24% in the US have revenues greater than $10 billion, compared with just 18% in Europe. Overall, the revenues of the median large European company are 23% below those of its US counterpart.[28]

Figure 6

Europe has a longer 'tail' of smaller companies vs. the US
Share of companies with $1 billion+ in revenues by size band

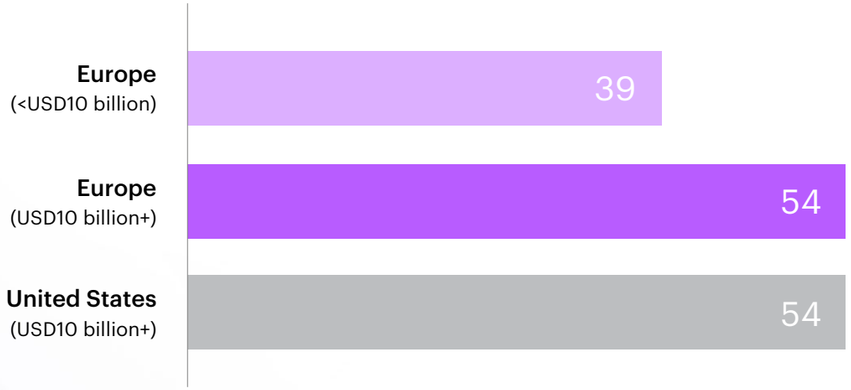


Source: S&P Capital IQ, Accenture analysis; companies with >$1 billion in annual revenues in 2024

The drop in AI capabilities among this ‘long tail’ of smaller companies is clear (see Figure 7). Larger European companies score 54 out of 100 on our AI capabilities index, on average—level with their US peers. However, smaller companies in Europe score just 39—a drop of 28%. The fact that smaller companies are often excluded from innovative approaches and ecosystems, such as industrial dataspaces, exacerbates such gaps.[29]

Figure 7

The AI capabilities of smaller companies in Europe lag larger regional and US peers
Index score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas; by region and revenue size band

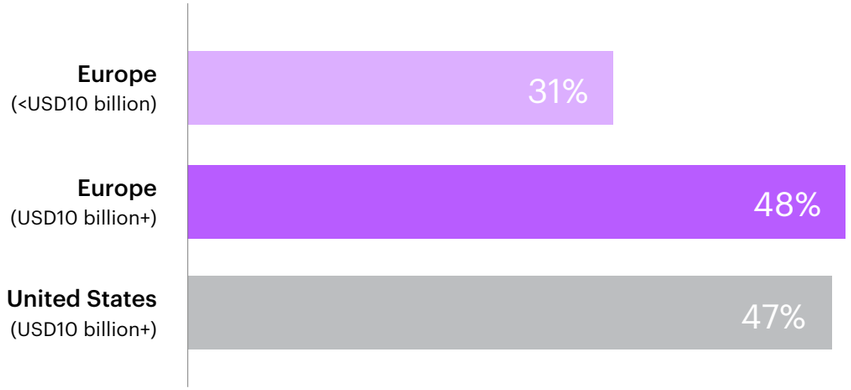


Source: Accenture Research; Europe N=800, above $10 billion n=316, below $10 billion n=484; US N=492, above $10 billion n=348

The capability shortfall among smaller companies matters because it weighs on their ability to drive transformative change with AI. Just 31% of smaller European companies have scaled at least one strategic bet, compared with 48% of their larger regional peers (see Figure 8). Although clearly both sets of companies have work to do: our results mean that more than half of larger companies, and more than two-thirds of their smaller counterparts, have failed to scale a single strategic bet.

Figure 8

Larger companies are more likely to scale strategic bets
Proportion of companies scaling at least 1 bet; by region and revenue size band



Source: Accenture Research; Europe N=800, above $10 billion n=316, below $10 billion n=484; US N=492, above $10 billion n=348

Stronger AI capabilities also allow larger companies to move into more advanced areas. For example, very large European businesses (55%) are more than 3x as likely to have integrated autonomous AI agents into various functions. And in terms of integrating gen AI into legacy systems and workflows, while many smaller companies are still piloting integration (61%) and preparing data (54%), larger peers have moved on to monitoring performance (49%).

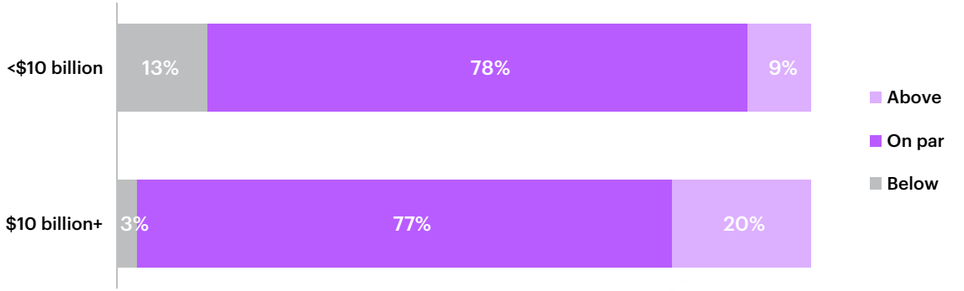
> "Size enables adoption because larger companies can spread the high fixed costs of AI investment over greater revenues, they can count on more skilled management to make the necessary organisational changes, and they can deploy AI more productively owing to larger data sets."[30]
>
> Mario Draghi, The Future of European Competitiveness

Overall, it's telling that larger companies are also happier with performance: 20% say the ROI on data and AI investments over the past two years has exceeded expectations; just 9% of smaller peers say the same (see Figure 9). By contrast, 13% of smaller companies are disappointed with the returns on their investments, compared with just 3% of their larger peers.

Figure 9

Larger European companies are happier with returns on data and AI investments

Has ROI achieved on data and AI investments since December 2022 been above, on par with or below expectations?; % respondents, by revenue.



Source: Accenture Research; Europe N=800, above $10 billion n=316, below $10 billion n=484

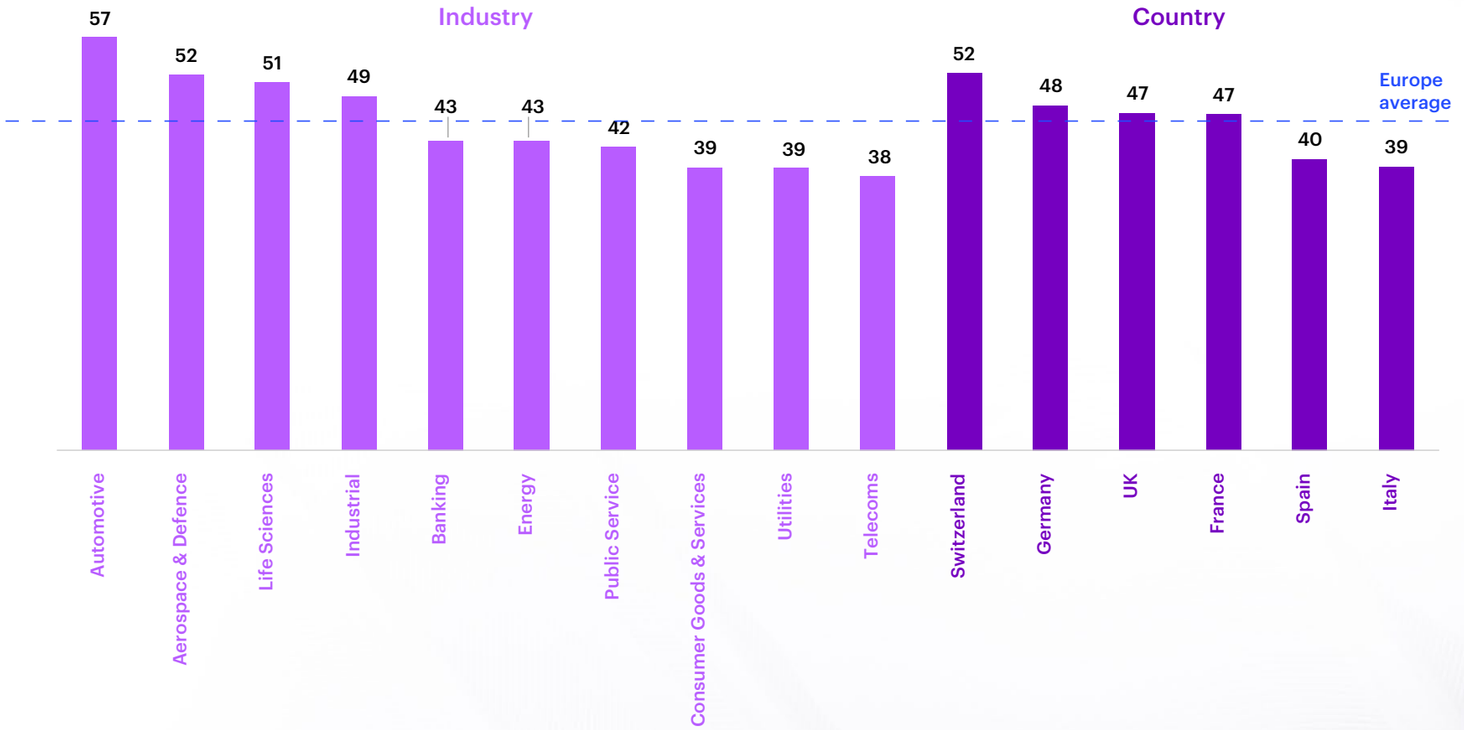
04 Finding Europe’s sectors of comparative advantage

Size and AI capabilities are closely linked across European industries (see Figure 1). However, clear pockets of AI strength emerge in sectors such as automotive—which scores 57 out of 100 on average for AI capabilities (see Figure 10)—aerospace and defence (52), life sciences (51) and industrial (49). Capabilities are lowest in consumer goods and services, utilities (both 39) and telecoms (38).

By country, Switzerland comes out on top (52), followed closely by Germany (48), the UK and France (47). Spain (40) and Italy (39) are a clear step behind.

Figure 10

AI capabilities are strongest in automotive and in Switzerland
Index score out of 100, where 0 is no AI capabilities and 100 is strong AI capabilities in all areas, by industry and country



Source: Accenture Research; Europe N=800; of which in the ten industries shown n=632. Country results are weighted by the contribution of each sector to national economic output

Comparing sector-by-sector AI muscle (a measure that combines AI capabilities with cloud and AI investment) against their growth potential (combining current industry size with forecast growth to 2027) highlights where the returns on AI could be greatest.

The industrial sector's position is perhaps most interesting from this analysis (see Figure 11). The sector accounts for more than a quarter of regional GDP (26.7%), and its central role in areas such as the energy transition and the deployment of physical AI via robotics means its growth potential is high. Today, European companies hold more than half of the market for automation solutions needed for industrial AI deployment—and significant shares (+30%) for robotics and industrial software.[31]

However, the sector's AI muscle is relatively weak due to mid-tier AI capabilities and low investment in cloud and AI. Launching the new Accenture Siemens Business Group, which will create solutions for software-defined products and factories, Accenture CEO Julie Sweet noted that "engineering and manufacturing are the next digital frontier".[32]

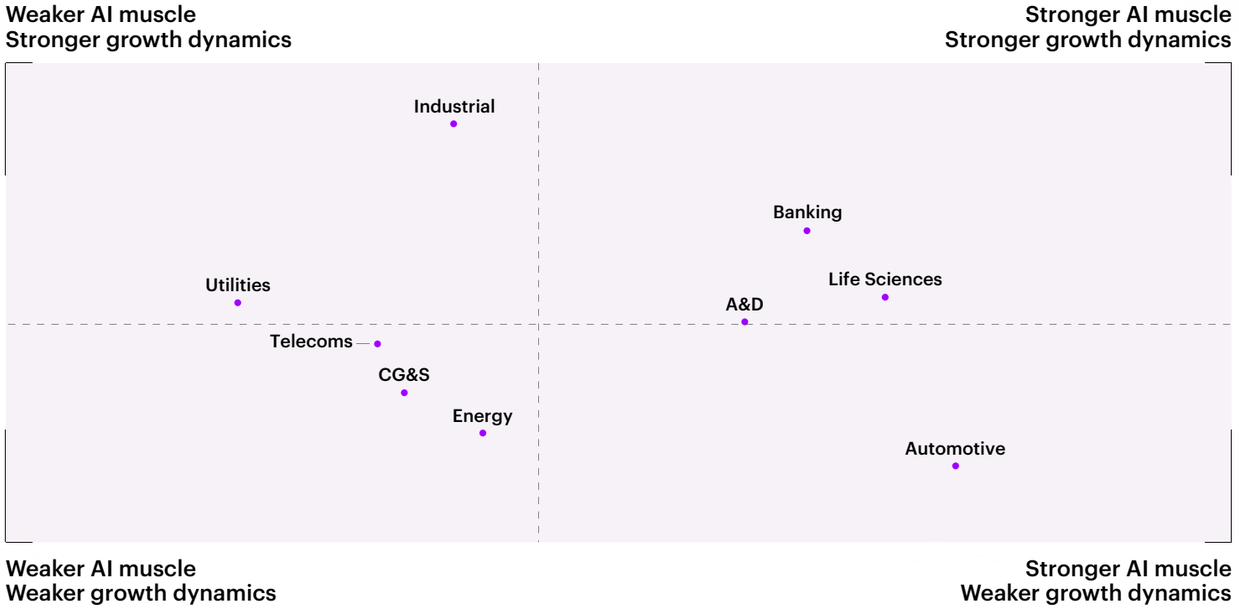
Elsewhere, banking, life sciences and aerospace and defence (A&D) are well-placed in the top right-hand quadrant. These industries exhibit both high growth potential and stronger AI muscle. The AI muscle in automotive is strong, but its growth potential is relatively weaker.

By contrast, utilities, telecoms, consumer goods and services (CG&S) and energy are found towards the bottom left-hand quadrant where growth potential and AI muscle are lower. This is a concern given these sectors provide critical regional infrastructure such as energy systems, food and digital networks.

For example, telecoms has a critical role in building out trusted regional AI capabilities as the sector evolves from being a connectivity provider to a connected computing provider. Its position underscores the call from Mario Draghi for consolidation to raise investment levels to remain at the forefront of innovation.[33]

Figure 11

Comparing AI adoption with sector growth forecasts
AI muscle vs growth dynamics, by industry



Source: Accenture analysis. 'AI muscle' includes AI capabilities and investment; 'Growth dynamics' includes sector size weighted by forecast growth. See Appendix 2 for details on the metrics used. Excludes Public Service

05 How companies can realise the promise of AI-powered reinvention

As discussed earlier, the returns on AI investments to date are already meeting expectations at most companies in Europe (see Figure 9). Over the next 18 months, business leaders expect to see further gains from the roll-out of gen AI: on average, they project a 13 percentage points rise in revenues and a 15 percentage points rise in productivity.

Clearly, these gains have not yet been realised—but there are signs of AI investments beginning to pay dividends. For example, our analysis shows that among the largest companies in Europe, those with relatively stronger AI capabilities grew revenues five percentage points faster than their peers with weaker capabilities in 2023.

To understand the broader opportunity, we modelled a scenario: what would the impact on revenues be if all of the largest ($10 billion+) companies in Europe had AI capabilities equivalent to the top three performing industries (automotive, aerospace and defence and life sciences)? This exercise revealed a boost to business revenues of €77 billion per annum. Extrapolating this figure to encompass all large ($1 billion+) businesses in Europe provides a boost of €198 billion per annum.

> 5pp faster growth in 2023 for Europe's AI leaders vs peers with weaker capabilities

Five imperatives that underpin AI success

To realise these gains, business leaders must recognise that the most important capability of AI is its ability to learn about and improve every element of their operations. As discussed in **Technology Vision 2025**[34], if built intentionally and taught methodically, various AI efforts can be consolidated into a 'cognitive digital brain'—a central nervous system that breaks down siloes and autonomously makes decisions.[35] This has the power to reshape entire industries, for example by developing a common framework and communications protocol between entities, or engines, codifying the most pressing disruption drivers.

The productivity and innovation benefits of this digital thread connecting all enterprise functions are becoming clearer by the day. Yet continuous technological transformation also exposes companies to external threats such as cyberattacks and network infiltration. Building an industry-relevant, fit-for-purpose digital core—the interconnected triad of digital platforms, data and AI and the digital foundation (including cloud-first infrastructure and security)[36]—is therefore crucial to reducing redundancy, technical debt and vulnerabilities.

Building an AI-enabled, secure digital core is one of the five imperatives Accenture identified in 2024—key areas for organisations to prioritise as they seek to harness gen AI and create material impact (see Table 2). The importance of each has been reaffirmed, drawing on insights from over 2,000 gen AI projects delivered to clients, surveys conducted with more than 3,000 C-level executives and insights from our own practitioners. In fact, Accenture analysis suggests that organisations acting across all five are 2.5x more likely to realise enterprise-level results.[37]

> Companies acting across all five imperatives are 2.5x more likely to see results.

Table 2

The five imperatives
Read more about each imperative in **Making Reinvention Real with Gen AI**

Imperative	01 **Lead with value**	02 **Reinvent talent and ways of working**	03 **Build an AI-enabled, secure digital core**	04 **Close the gap on responsible AI**	05 **Drive continuous reinvention**
Definition	Focus on bold, high-impact initiatives and business cases that drive reinvention in core processes.	Guide a vision for reinventing work, reshaping the workforce and preparing employees for a gen AI-powered world.	Build the infrastructure needed to scale gen AI effectively while creating differentiation.	Embed governance, ethical frameworks and monitoring to balance innovation with accountability.	Build organisational agility to adapt quickly and stay ahead of disruption.
Key Elements	• Secure C-suite engagement • Reinvent processes with agentic AI • Align capital allocation on strategic bets for long-term benefit	• Establish a talent framework that enables AI skill pathways and persona-based upskilling • Develop learning pathways	• Build a culture around data products and drive semantic consistency across data products • Focus models on fine-tuning and specialisation • Ensure clarity on target application architecture, based on gen AI readiness	• Ensure that AI solutions are safe, transparent and accountable • Use Responsible AI to strengthen customer trust and competitive positioning	• Establish a robust change management framework • Keep a laser focus on ROI

How European companies can hedge against geopolitical risk through strategic decoupling

Today's trade-related tensions add another layer of complexity. Some European business leaders—even those outside heavily regulated industries—were already considering how to strategically decouple their cloud and AI infrastructure from other regions. But we've seen a clear mindset shift since the recent imposition of US tariffs. Recent developments have made sovereignty a real business concern—not just a matter of compliance or politics.

Companies now need to ask serious questions about technological independence: how exposed are our operations if our provider 'pulls the plug'? Is a lack of foundational AI and cloud asset ownership leading to value being captured elsewhere? Are our costs and supply stability compromised by vendor concentration?

To build resilience, European companies must respond to sovereignty risks through a three-layered decoupling approach that factors in data workload sensitivities:

- **Architectural** decoupling includes regaining control over the data estate—using sovereign/private cloud for critical workloads and securing public cloud for scalable, lower-risk services—and exploring the plurality of AI model supply options given the trade-offs, for example, between the performance of proprietary models and the transparency of open models.
- **Legal** decoupling means operating with European and global trusted entities to reduce exposure to extraterritorial laws.
- **Supply chain** decoupling covers contractual protections and reducing dependence on proprietary software.

06 Europe must build a competitive AI ecosystem to raise the bar

Individual company actions will only take Europe so far. To raise the regional bar and realise the promise of AI, Europe needs to build a robust, competitive AI ecosystem.

Help smaller companies level up on AI

AI requires lots of data, compute and energy—and Europe needs to invest heavily to build out the relevant infrastructure. InvestAI aims to mobilise €200 billion[38], including €20 billion to create a "CERN for AI"—AI gigafactories that bring together scientists and companies to advance the responsible development and deployment of AI.[39] The UK, too, has attracted investment of close to £40 billion to build out data centre infrastructure.[40] And the forthcoming EU Cloud & AI Development Act seeks to build out data centre capacity, at least tripling resource-efficient and sustainable data processing capacity by 2030.[41]

Ensuring that smaller companies benefit from these investments is central to the AI Continent Action Plan. This sets out the European Commission's aims to build more compute capacity, to provide, pool and securely share high-quality data—through a Data Union[42]—and to boost small- and medium-enterprise adoption of sector-specific AI solutions—via funding advice, networking and training.[43] Larger companies can help smaller peers along the value chain to scale strategic bets by levelling up their AI capabilities in everything from infrastructure access to navigating AI risk in a systematic manner.

Demographic headwinds and fierce competition for skilled talent mean smaller companies will need help identifying and closing AI skills gaps at scale. As discussed in a recent Accenture and World Economic Forum report, **AI in Action: Beyond Experimentation to Transform Industry**[44], organisations must prioritise workforce development to enable employees to navigate technological changes and lead AI-driven value creation. This includes building AI capabilities and data-centric cultures, facilitating smooth human-AI interactions and providing continuous learning opportunities and change management.

Nurture a sovereign European AI ecosystem

Recent geopolitical shifts and the rapid, jarring realignment of global trade relationships have served to highlight Europe's reliance on the US for everything from cloud infrastructure to foundation models. Draghi notes that US companies have developed 70% of foundational AI models since 2017, while three of its "hyperscalers" account for over 65% of the European cloud market.[45]

Dependency risks could rise subject to how Europe decides to respond to the tariffs the US recently imposed on specific geographies, products and industries. And it's telling that both France and Germany have recently come out in support for Eurostack—sovereign European tech infrastructure spanning cloud computing, digital platforms and AI.[46] Meanwhile, the proportion of European companies prioritising partnerships with startups to scale their gen AI ambitions has doubled over the past 12 months.[47]

The EU has already identified several strategic use cases—across healthcare, defence and transportation, amongst others—for which it wants to provide sovereign solutions. However, local supply remains nascent, and without a coordinated European response, the danger is that demand outstrips supply. Local providers could be scaled up via streamlined permitting and grid access for infrastructure, investment in talent pipelines, demand incentivisation and strategic procurement. Energy needs will also need to be considered, with electricity demands expected to rise by 70% in Europe by 2030.[48]

Develop a coordinated industrial strategy

The enduring example of Airbus shows that, done correctly, a federated approach can help Europe find a competitive edge. The benefits of a federated AI ecosystem include streamlined public-private investments, reductions in duplication and the emergence of a competitive and values-driven AI economy. This would need to be grounded in interoperability, cross-industry collaboration and regulatory alignment.

Interoperability—the ability of different AI systems and tools to seamlessly share data and collaborate—is crucial. Benefits include improved efficiency (for example via reduced duplication of effort), lower provider switching costs, greater transparency (for example by improving explainability) and lower integration costs.

New intra- and cross-industry collaborations could help companies in Europe close the AI capabilities gaps we identified. Initiatives such as Gaia-X lacked execution power, but the geopolitical incentives to share data and build scale across the region have changed significantly over recent months. Catena-X—the open automotive data ecosystem—offers one blueprint.

Finally, can Europe become a safe haven for companies who want to innovate with purpose, for the long-term benefit of all stakeholders? The EU AI Act is just one example of efforts being made to boost regulatory certainty and consumer confidence, which will be key to the deployment of agentic solutions. As Dr. Sonja Zillner at Siemens told us: "It's important that Europe's entire portfolio of digital legislation works well together and is futureproofed." Get this right, and operating in a robust, harmonised AI ecosystem could allow European companies to win consumer and employee trust faster—thereby becoming a source of competitive advantage.

How European business and political leaders rise to the twin challenge of navigating a fractured global trading system and harnessing the disruptive potential of AI may well determine the trajectory of regional growth in the coming years. As **The Economist** noted recently: “The true winner of the AI race…may not be the country that invents the best models. It is more likely to be the country where governments, businesses and ordinary people use AI at scale every day.”[49]

AI offers an opportunity to reignite European productivity and competitiveness. It must be seized today.

Appendix

Appendix A:

The 118 strategic bets

To identify the most important strategic bets by industry, a number of C-suite experts within and outside Accenture were interviewed for **'The front-runner's guide to scaling AI'**. This research was augmented with machine learning to identify both the key capabilities associated with scaling strategic bets and companies' progress in developing those capabilities. The analysis was further enriched with insights from our extensive experience helping clients scale AI solutions. These diverse inputs capture both strategic perspectives on AI and real-world execution challenges.

For the purposes of this report, "scaling AI" refers to the process of expanding AI implementation across an enterprise to achieve broader, more impactful outcomes. Scaling includes integrating gen AI into diverse business processes and workflows; ensuring widespread adoption across assets and employees; seamlessly integrating AI with existing systems; driving innovation to gain a competitive edge in the market and otherwise improving key performance metrics. "Generative AI" is used as an umbrella term for artificial intelligence that can produce brand-new output—such as text, images, videos, audio, code, data or 3D renderings.

Proportion of companies scaling each strategic bet, by industry

Aerospace & Defence	Automotive
AI powered modelling and simulation (51%)	AI-powered customer support and engagement (38%)
Product in-use data analysis (26%)	Product design and conceptualisation with digital twins (37%)
Customer engagement (9%)	Hyper-personalised marketing and sales enablement (22%)
Augmented field worker (6%)	Engineering automation for product development (20%)
Service schedule optimisation (6%)	Operational excellence with AI co-pilots (18%)
Supply chain risk management (3%)	Automated reporting and documentation (17%)
Production layout optimisation (3%)	Conversational car configurator (10%)
Scenario planning for product adoption (0%)	Gen AI driven automation with quality assurance and optimisation (10%)
Inventory management and optimisation (0%)	In-car assistant (8%)
Workflow automation (0%)	Agent assist co-pilot for sales and aftersales (8%)
Quality inspection and improvements (0%)	Prototype management and cost optimisation (7%)
AI-assisted diagnostics and troubleshooting (0%)	Supplier vetting and approval assistance (7%)

Banking	Consumer Goods and Services	Energy	Industrial	Life Sciences
Fraud management (28%)	Real-time customer/shopper trends analysis and identification (9%)	Customer engagement (12%)	Demand forecasting and automated inventory management (30%)	Accelerating time to market (23%)
Cards and payments (25%)	Automated ESG tracking and optimisation (8%)	Trading predictions (12%)	Manufacturing process optimisation (15%)	Maximising the value proposition of medicines (18%)
IT engineering/Software development lifecycle (8%)	Hyper-personalised consumer profiling and segmentation (4%)	Health and safety (10%)	Automated quality control (8%)	Making medicines more accessible (16%)
Know your customer (6%)	Agile brand experience design and development (4%)	Automatic report compilation (9%)	Sales support by generating insights and showing opportunities per customer (8%)	Establishing end-to-end insights and feedback loops (13%)
Credit assessment (5%)	Augmented sales enablement and execution (4%)	Augmented field worker (9%)	External-facing chatbots for sales (5%)	Accelerating time to clinic (13%)
Digital content management (3%)	Automated IT development and operations (4%)	Automatic analysis and work order generation (7%)	Automation of HR processes (5%)	
Document and knowledge management (3%)	In-silico product design and development (3%)	AI powered drilling (7%)	Generative design of new machines and design optimisation (3%)	
Lead origination, nurturing and qualification (2%)	Insights-driven demand sensing and forecasting (3%)	Automatic inventory management (6%)	Creation of customer-specific marketing campaigns (3%)	
Application processing and fulfilment (2%)	Intelligent sourcing and supplier management (1%)	AI powered production (6%)	Automation of finance processes (3%)	
Investment management and advisory (2%)	Workforce planning and human capital management (1%)	Automated asset reliability (6%)	AI-supported prototyping and product simulations (2%)	
	Real-time trends monitoring and detection (0%)	Production assurance (6%)	AI-enabled predictive and prescriptive maintenance (2%)	
	Digital twin production line design and optimisation (0%)	Automatic management of change (4%)	Automation of CPQ (2%)	
		Integrated supply chain (4%)		
		Automated failure prediction (0%)		

Public Service	Telecommunications & Media		Utilities
Knowledge management for reporting or analysis (20%)	Chatbots to help with content retrieval and compliance queries (20%)	Automated initial metadata generation (4%)	Workforce operations optimisation (10%)
Backlog reductions in critical services (11%)	Fraud detection and prevention (16%)	Auto-tagging of video/audio content (4%)	Generation forecasting (7%)
IT modernisation and code generation (10%)	Dynamic ad campaigns and placement (11%)	AI-assisted storyboarding and continuity checks (4%)	Augmented asset management (6%)
Call centre and hyper-personal agent powered support (9%)	Real-time feedback loops (11%)	Enterprise management - Automated legal document generation (2%)	Customer pricing strategy (6%)
Smart city and infrastructure management (9%)	Gen AI assisted restoration and up-sampling of archived media content (11%)	Network and service assurance - Self-healing automated network (2%)	Automated documentation (6%)
Citizen services (7%)	Sales and marketing - Marketing content generation (9%)	Product and business strategy - Rapid wireframing and product design acceleration (2%)	Personalised promo offers and campaigns (4%)
Cyber security (7%)	Hyper-personalised recommendations (5%)	Sales and marketing - Hyper-personalised offers and creativity (2%)	Accelerated regulatory filing and permitting (4%)
Supply chain and resilience (6%)	Content localisation at scale (5%)	Adaptive bitrate streaming optimisation (2%)	Site selection accelerator (1%)
	Enterprise management - Automate backoffice operations (4%)	Platform and technologies - Architecture design assistance (0%)	Contracting assistant and review (1%)
	Network and service assurance - Field engineer technical assistant (4%)		Plant production and scheduling (0%)
	Sales and marketing - Sales Co-Pilot (4%)		
	Customer experience and care - Agent Co-Pilot (4%)		
	Customer experience and care - Digital twin for customer churn management (4%)		
	Intelligent search and discovery (4%)		

Appendix B:

Methodology

The method follows: The front-runner's guide to scaling AI

In Europe, we surveyed 800 C-suite and data-science executives at companies with annual revenues greater than $1 billion. The initial survey, covering 560 respondents, was fielded in July 2024. A boost survey, covering an additional 240 respondents was completed in February 2025. The questionnaire aimed to shed light on how companies develop and deploy AI models to create financial and non-financial value. It covered topics such as organisations' data and AI strategy, data and AI architecture, budgets for—and investments in—strategic bets, talent strategy, ecosystem strategy, responsible AI, AI-related challenges and AI adoption rates.

The number of respondents by country and industry is shown below:

France (146)	Aerospace & Defence (35)
Germany (156)	Automotive (60)
Italy (114)	Banking (65)
Spain (112)	Consumer Goods & Services (76)
Switzerland (115)	Energy (69)
UK (157)	Industrial (60)
	Insurance (71)
	Life Sciences (56)
	Media (56)
	Public Service (40)
	Retail (97)
	Telecoms (46)
	Utilities (69)

Company selection and sample robustness

Our sample is comprised of companies that have, at the very least, a basic AI strategy in place—thus providing a forward-looking perspective for businesses seeking to adopt AI-driven strategies. This approach ensures that our findings are directly relevant to businesses navigating AI implementation at various stages of maturity.

To test for potential bias in companies' responses to our survey, we applied the common variance method, which indicated that the first variance factor accounted for only 21% of the variation in responses. This low concentration of variance suggests minimal common method bias, reinforcing the robustness and reliability of our sample.

Key capabilities

We identified 10 capabilities that have a significant positive correlation with scaling strategic bets on gen AI (see table to right). The capabilities are labelled as either 'foundational' (as first described in Accenture's 2022 report **The Art of AI Maturity**) or 'new data and AI essential capabilities for gen AI' (as first described in **The front-runner's guide to scaling AI**).

The data and AI capabilities that are critical for enterprise reinvention

Foundational capabilities		New data and AI essential capabilities for generative AI	
Data and AI strategy	A systematic plan for leveraging data and AI to drive business value, enhance decision-making and improve operational efficiency.	**Large language model operations (LLMOps) maturity**	The extent to which a company develops, deploys and manages LLM applications through trusted, scalable and automated operational practices.
AI platform maturity	The extent of a company's AI capabilities, infrastructure and strategic integration across business operations.	**Data management and governance (DM&G) – new essentials**	By integrating vector and graph databases, RAG, unstructured and multi-modal data, and trusted industry data spaces, DM&G–new essentials ensure scalable, secure and responsible data architectures.
Data management and governance (DM&G) maturity	The extent to which a company manages, governs and uses data as a strategic asset.	**Data source**	The diverse types of data (zero party, first party, second party, third party, synthetic data, tacit knowledge) that organisations rely on to generate domain-specific insights about clients, partners and business operations.
Talent maturity	The extent to which a company develops employees with specialised expertise across the entire data and AI lifecycle.	**Foundation models practice**	How a company adopts, deploys and manages large-scale AI models for AI-driven products, services and applications.
Responsible AI (RAI) maturity	The extent to which a company develops, implements and sustains ethical, transparent and accountable AI systems.	**Talent practice**	The extent to which a company accesses, trains and develops workers who are skilled in data and AI across functional and technical domains.

Scenario modelling

Our analysis shows that among larger ($US10 billion+) companies in Europe, companies with relatively stronger AI capabilities (those defined as 'AI reinvention-ready' – see **The front-runners' guide to scaling AI**) grew revenues 5pp faster than their peers with relatively weaker capabilities in 2023 (data sourced from S&P Capital IQ). Using this differential, we built a scenario to estimate the regional opportunity, in terms of additional business revenues, if all companies raised their AI capabilities to match those of leading industries: automotive, aerospace and defence and life sciences (66/100).

Our analysis estimates the revenue uplift from increasing the average AI capabilities of the other 10 industries in our study at +1.01pp of revenues. The simulation of closing the AI readiness gap over the pool of +$10 billion companies headquartered in Europe, represents anannual boost to revenues of 77 billion. We then extrapolate to large ($1 billion+) companies from all industries in Europe using company turnover data from the **European Commission** matched with data from S&P Capital IQ. From this exercise, we estimate total revenues of large companies at €19.5 trillion in 2024. Adding +1.01pp to the revenues of these companies represents an annual boost of €198 billion.

Figure 11

'AI muscle' combines survey- and company-specific data collected by Accenture on AI capabilities, perceived returns on AI investment and current and forecast AI spend data.

'Growth potential' combines the contribution of the sector to regional GVA weighted by forecast growth from 2024 to 2027 from Oxford Economics, with industry resilience scores from Accenture's **Resilience Index**.

Appendix C:

Acknowledgements

The authors would like to thank the following Accenture clients and colleagues for their insights:

Client acknowledgements

Anders Romare

CIO & Senior Vice President
Digital, Data & IT
Novo Nordisk

Graham Smith

Head of AI, Data Science
and Innovation
NatWest

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Kamil Mazurek

Karen N. Wolf

Lucia Diodati

Luciano Rossi

Mauro Capo

Nicholas Giuseppe Missineo

Per Rosén

Philippe Roussiere

Rachel Collins

Regina Maruca

Selen Karaca-Griffin

Shruti Shalini

Surya Mukherjee

Vikas Dubey

Vikas Sindwani

Yuhui Xiong

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