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AI as driver of competitiveness in D9+

Capturing the next wave of benefits from *generative* AI for the EU's digital frontrunner countries

An Implement Consulting Group study commissioned by Google
Lisbon, October 2025

SUMMARY

AI is a significant opportunity for the D9+ region to boost productivity, enhance service quality in the public sector and grow innovative digital businesses

500
EUR billion

annual GDP contribution in ten years if D9+ achieves widespread adoption of generative AI

The economic opportunity of generative AI

- Generative AI can boost productivity in the D9+ region by 8% in ten years, adding EUR 500 billion to the region's GDP. Country-level estimates vary between 8% and 9% across the region, highlighting the substantial potential.
- 20-25% of the potential is in public sector and early adoption by governments can accelerate adoption broadly.

9%

more value for money on average if widespread adoption of generative AI is achieved in government

The AI opportunity for eGovernment

- Public administrations across D9+ can get 9% more value for money by adopting generative AI across tasks. This result ranges from EUR 400 million in Luxembourg to EUR 7 billion in Spain.
- The government is a good place to start as tasks are well-suited for AI and solutions can be scaled across institutions through central tasks capturing 75-85% of the generative AI potential in government.
- Low-risk AI applications account for ~20% of the potential in public administration offering valuable learning experiences for governments.

1.1%

average annual GDP contribution from growing and scaling innovative digital businesses to the level of leading OECD countries

The AI innovation opportunity

- Innovative digital businesses play a central role in developing applications that enable adoption across the economy. 82% of them have actively adopted, adapted, or generated new AI technologies.
- At scale, these businesses are also significant contributors to economic growth with 54% higher labour productivity than businesses in the region on average.
- Growing and scaling more innovative digital businesses to the levels of leading OECD countries can contribute 1.1% to the D9+ region's GDP.

Note: Results for the AI innovation opportunity pertain only to countries analysed by Implement Economics previously incl. Belgium, Denmark, Finland, Ireland, the Netherlands, and Sweden.

AI as a driver for a robust, innovative, and competitive Europe

This report is prepared as input for the D9+ Ministerial Meeting at Pavilhão de Portugal in Lisbon on 16–17 October 2025. It consolidates a series of previous analyses on AI's economic potential, eGovernment opportunities, and the innovation potential of digital businesses. It aims to summarise our insights on the D9+ region's opportunity to enhance productivity, foster innovation and improve public services with AI.

The economic opportunity of generative AI

- Capturing the full potential of generative AI depends on several drivers of AI adoption, ranging from a robust operating environment to the availability of skilled AI practitioners.
- Applying rigorous and comprehensive economic modelling, this part of the analysis estimates generative AI's contribution to GDP and its implications for jobs in the EU.

The AI opportunity for eGovernment

- The potential in this part of the public sector is substantial and particularly well-suited for early AI benefits with low-risk.
- Generative AI can enhance productivity and create value for citizens and businesses within the public administration of EU member states and EU institutions.

The AI innovation opportunity

- Innovative digital businesses are enablers of economy-wide AI diffusion and thus key to capturing the AI opportunity.
- AI era calls for new ways of thinking about innovative businesses.

Scan to view previous reports

Notes: The mentioned studies are developed by Implement Consulting Group and commissioned by Google.

Generative AI could add EUR 500 billion to the D9+ economy

Generative AI will boost global economic growth in the coming decade. For the D9+ to capture the full benefit, the region needs to promote innovation and use digital technologies and services to transform sectors and companies.

Generative AI could boost the D9+ region's GDP by **EUR 500 billion**

+8% GDP

contribution in ten years if D9+ achieves widespread adoption of generative AI.

D9+

37% of GDP in EU27

37% of the EU27 population

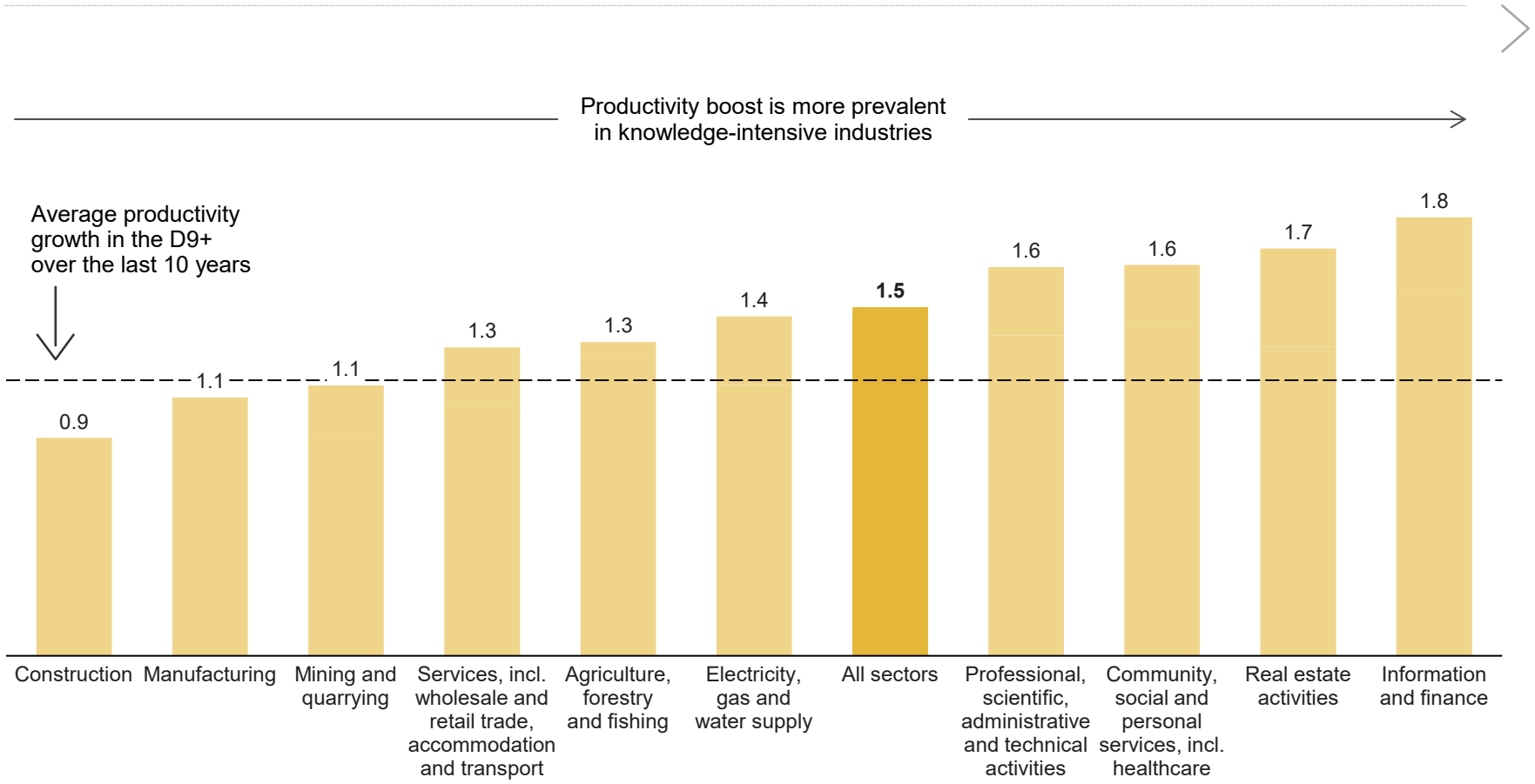
42% of the EU27 generative AI potential

D9+ countries are eager to drive digital innovation in Europe underscoring the region's strategic importance.

Generative AI can boost productivity across all sectors, and the D9+ potential is 1.5 percentage points in the peak year

"Integrating AI 'vertically' into European industry will be a critical factor in unlocking higher productivity."
Mario Draghi report on *The Future of European Competitiveness*.

Increases in productivity from generative AI across industries
% growth in productivity p.a. in peak year

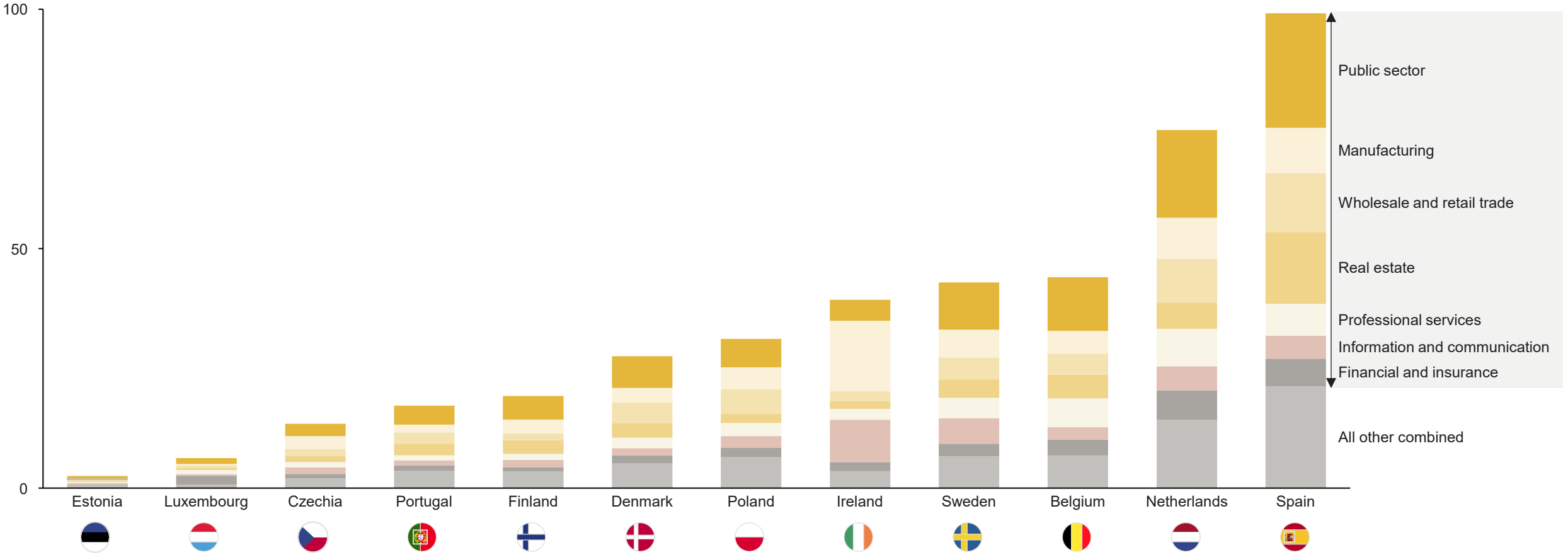


- Generative AI is potentially so powerful that the productivity boost could reverse the region's low and declining long-term productivity.
- In contrast to past automation, such as robots, generative AI has the ability to boost productivity in services and especially in knowledge-intensive industries.
- Generative AI can enhance, rather than replace, knowledge-intensive jobs by complementing their tasks.
- In the service sectors, productivity increases can be achieved when humans are assisted by generative AI. This can drive productivity and free up time for other valuable tasks.
- As an example, lawyers can be assisted in reviewing and summarising long documents and drafting basic documents.
- In public administration, employees can be assisted by AI chatbots that offer personalised guidance to citizens on services such as tax returns, social benefits, and public health advice tailored to individual needs.

Note: Gains in labour productivity are mapped one to one to GDP if total employment (as here) is assumed constant and the capital stock increases to match productivity improvements. The estimates take into account that the growth impact of generative AI may not be fully additive to the current GDP trend. First, AI-related gains may substitute for growth that would otherwise occur in a non-AI baseline. Second, underlying productivity growth has slowed over the past decades. The estimated boost from generative AI may be partially offset by an underlying growth slowdown. Average productivity growth in the D9+ reflects GVA-weighted average of productivity growth across D9+ countries.
Source: Implement Economics based on Eurostat, OECD, O*Net and Briggs and Kodnani (2023a), European Commission (2023).

Seven private sectors constitute 85% of the total generative AI potential in D9+

GDP by sector
EUR billion



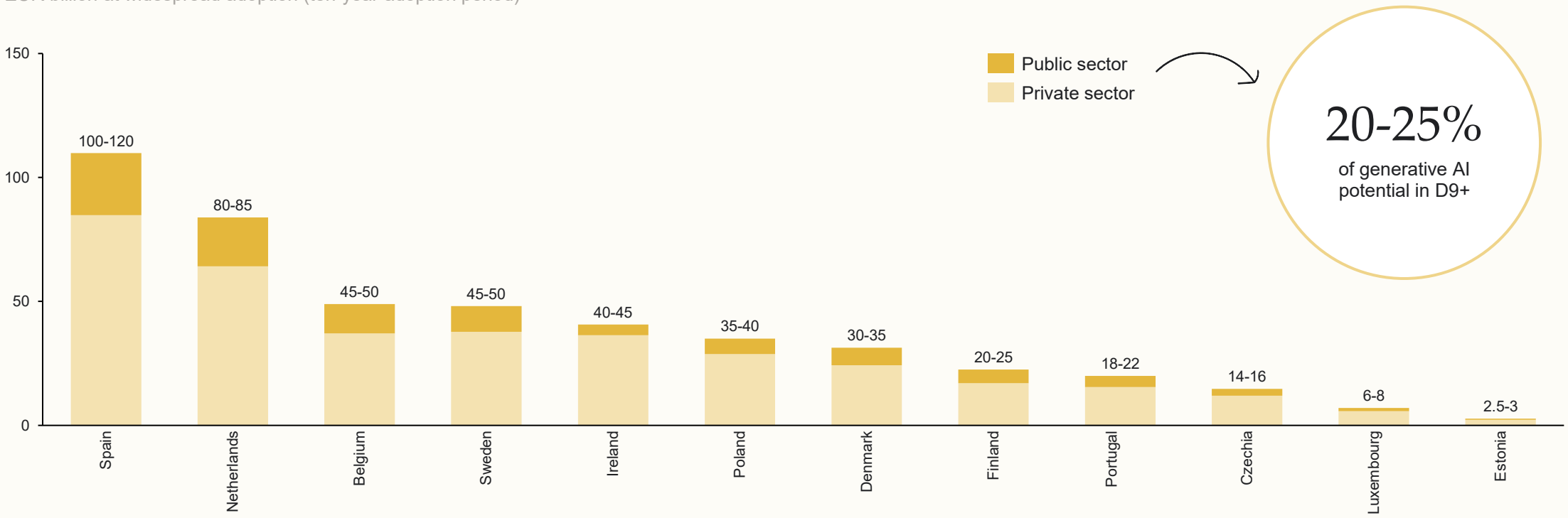
Note: The industries shown are the top industries in all the 12 countries, but the order differ from country to country. The public sector is the largest potential in all D9+ countries.
Source: Implement Economics based on Eurostat, O*Net and Briggs and Kodnani (2023a).

The AI opportunity for eGovernment in D9+

The public sector in D9+ has a EUR 100 billion potential from generative AI

20-25% of the overall economic potential from generative AI in D9+ is in the public sector. Governments can accelerate adoption by demonstrating its use and leveraging their large purchasing power to create a significant market for European startups and innovative businesses.

GDP potential of generative AI
EUR billion at widespread adoption (ten-year adoption period)



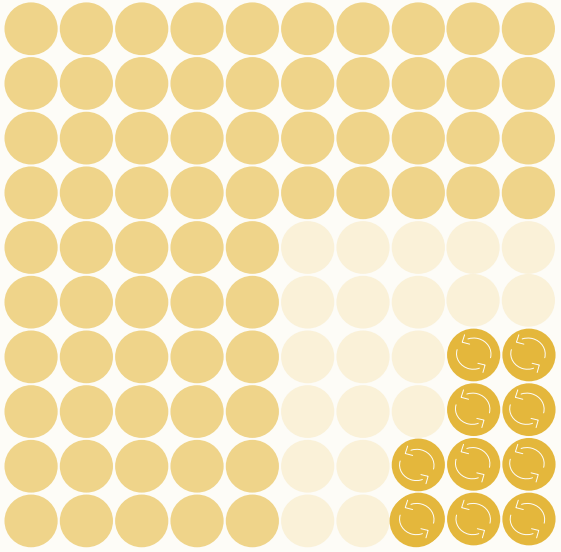
Note: The potential in the public sector includes: health and social work, public administration, education, and arts and recreation.
Source: Implement Economics based on Eurostat and O*Net, Briggs and Kodnani (2023).

Public administration is a good place to start with an untapped EUR 30 billion potential in D9+

70% of public administration jobs in D9+ are estimated to be **augmented** by generative AI

These workers will see the technology play an integral role in their daily work, increasing their productivity while freeing up time for other value-creating activities. This allows resources to be reallocated to areas within the public administration or other parts of the public sector where they are more needed.

Exposure to automation by generative AI in public administration in D9+
% of jobs in public administration



70% …of jobs likely to be augmented by genAI

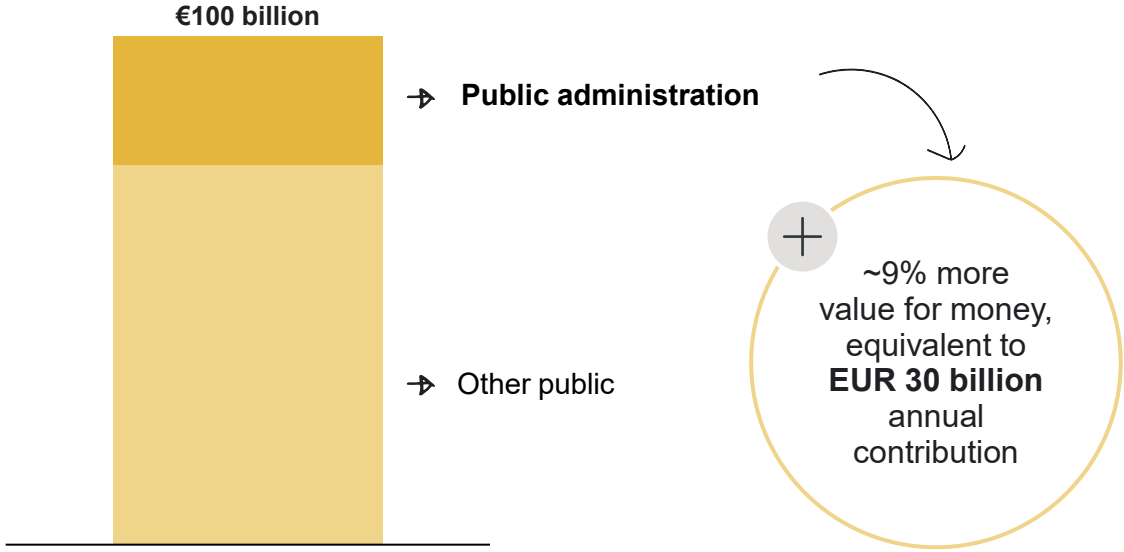
20% …of jobs face little or no automation from genAI

10% …of jobs are highly exposed to genAI

D9+ governments can boost productivity and capture ~9% more value for money on average by adopting generative AI

Public administration comprises ~25% of public sector jobs, featuring tasks well-suited for generative AI, such as text-based work, repetitive tasks, and complex analysis. Widespread adoption of generative AI in these areas could generate EUR 30 billion in gross value added with the same resources in the D9+ region.

Economic potential of generative AI in D9+
EUR billion at widespread adoption



Note: Job exposure estimates are based on Belgium, Finland, Ireland, Luxembourg, Netherlands, Sweden, Poland, and Portugal, while total economic potential includes all D9+ countries.
Source: Implement Economics based on data from Eurostat and national statistics offices, O*NET, Briggs and Kodnani (2023).

Focusing on the top five cross-cutting tasks could realise 70-85% of the public administration potential

Cross-cutting tasks underpin most public administration jobs, shared across diverse roles and fields. For instance, case handling is common among employees with varying job titles in multiple institutions.

However, fragmented decision-making leads to many pilots without scalable impact. Governments should focus on key cross-cutting tasks to achieve economies of scale while addressing local needs.

Examples of work functions and cross-cutting tasks in public administration in D9+

Work functions

Case manager

Budget administrator

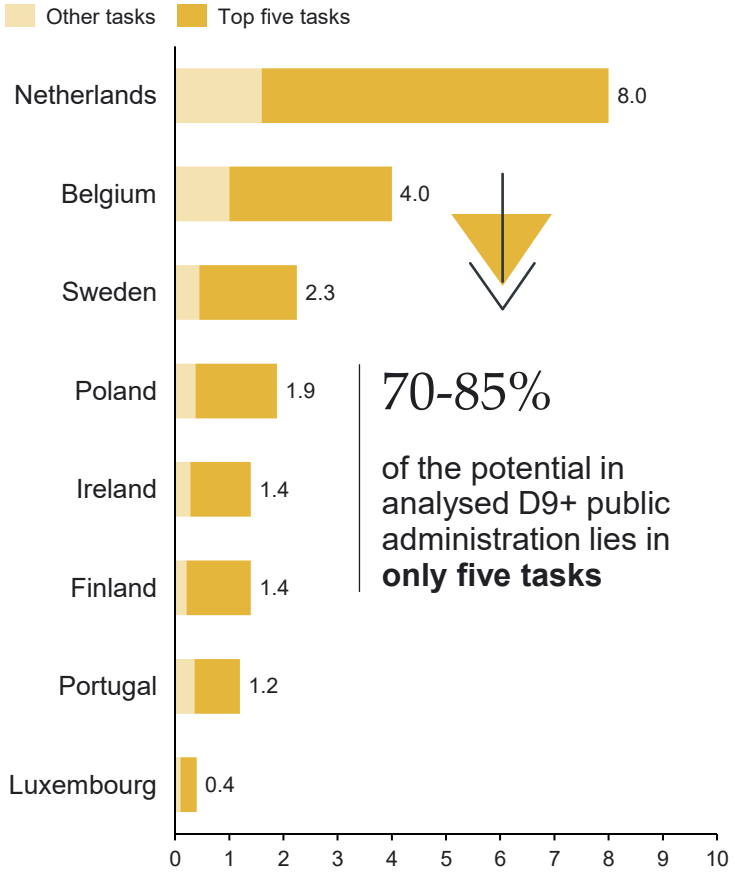
Legal clerk

Cross-cutting tasks

- Individual case handling
- Law and legislation
- General governance and regulation
- Finance and budgeting
- Inspection and control

Economic potential in public administration

EUR billion



Note: There is much uncertainty around the capability and adoption timeline of generative AI. The estimation of the potential of AI across key cross-cutting tasks is based on an augmentation of Briggs & Kodnani (2023) with granular employment data and an expert-assessed, exhaustive framework of the task composition within public administration, which is mapped to the rich database of task descriptions within O*NET. Our estimate is the isolated potential of generative AI at widespread adoption. The estimated boost from generative AI may not be fully additive to growth projections. Analysis of cross-cutting tasks is based on Belgium, Finland, Ireland, Luxembourg, Netherlands, Sweden, Poland, and Portugal.
Source: Implement Economics based on data from Eurostat and national statistics offices, O*NET, Briggs and Kodnani (2023).

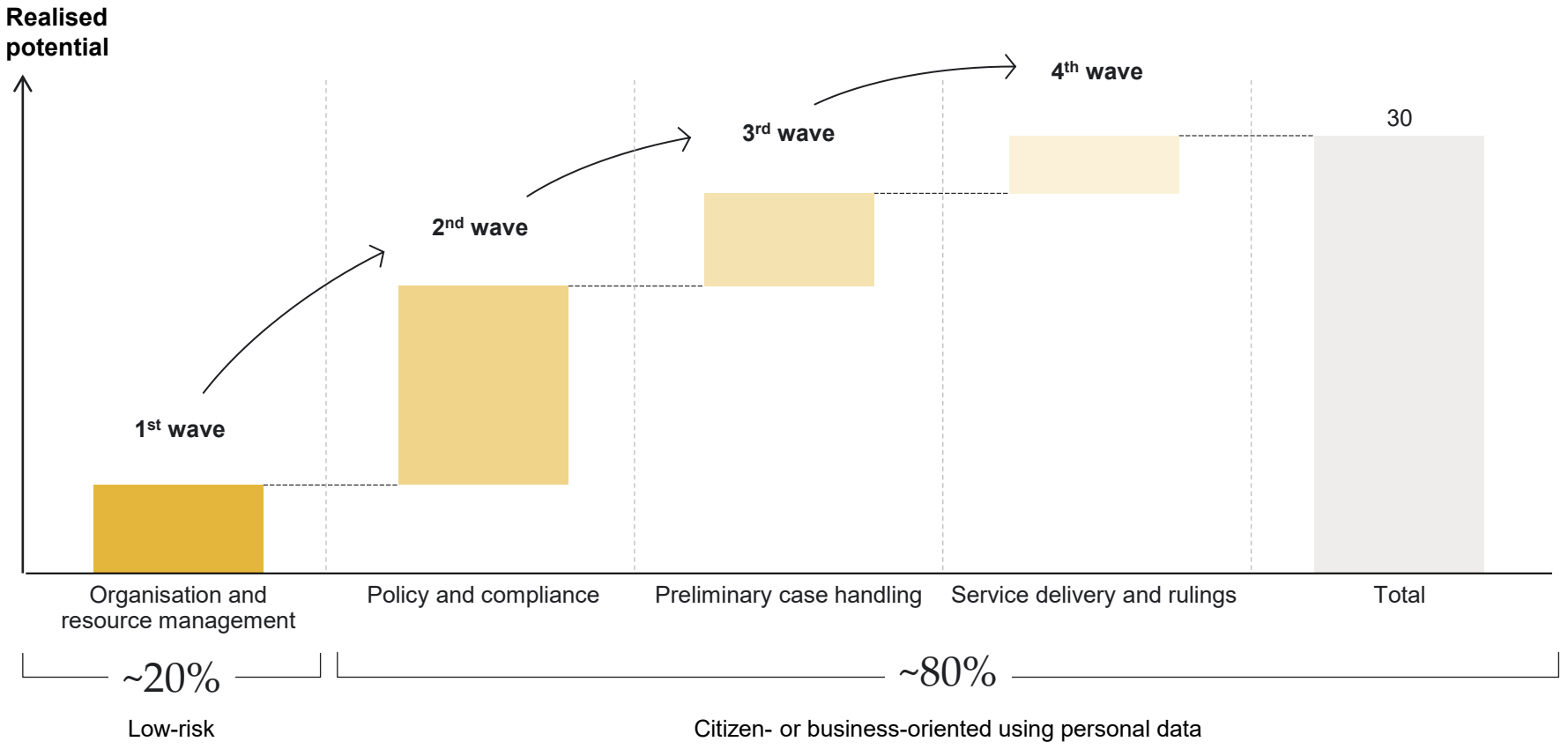
Low-risk AI applications account for around 20% of the potential in public administration, offering valuable learning experiences for governments

In a first wave, public administration could consider implementing low-risk, internal AI applications that do not involve sensitive data. These initiatives offer valuable learning experiences and develop the AI capabilities needed for more complex, external-facing solutions.

Simultaneously, governments should establish enablers for future waves of advanced AI adoption, representing the remaining 80% of potential.

Read more on policy recommendations for the e-Government potential.

Potential value creation from generative AI in public administration in D9+
EUR billion at widespread adoption



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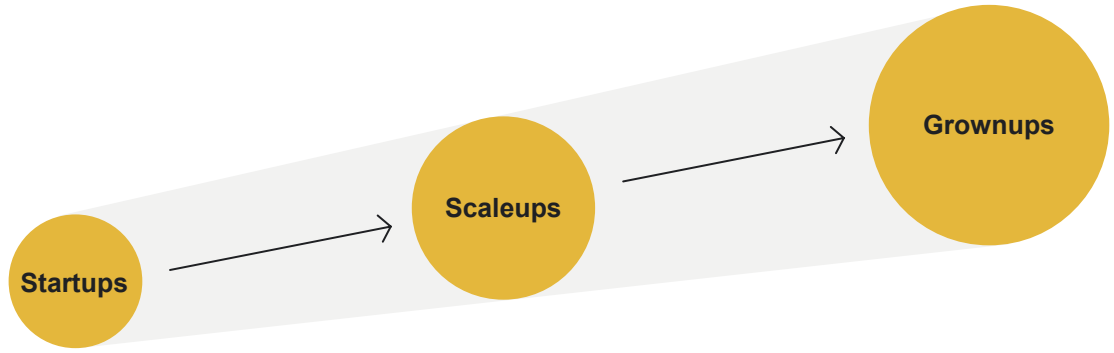
Source: Implement Economics based on data from Eurostat and national statistics offices, O*NET, Briggs and Kodnani (2023).

The AI innovation opportunity in D9+

Innovative digital businesses are key to capturing the AI opportunity by developing and deploying AI solutions at scale across the economy

Innovative digital businesses are scalable and tech-enabled,
categorised by employment size into three stages: startups, scaleups, and grownups.



Innovative digital businesses designed to grow fast, employing between 2–50 people.

Innovative digital businesses with scaled operation, employing between 50–500 people.

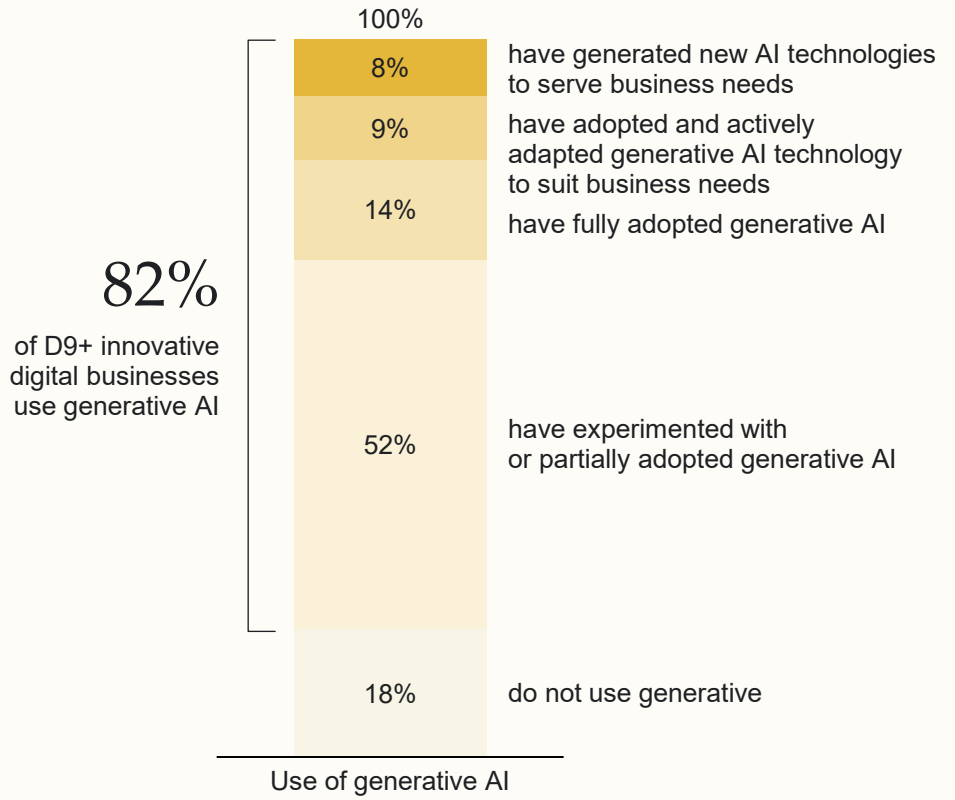
Established and stable innovative digital businesses that have successfully scaled, employing more than 500 people.

To unlock the full potential of AI, the D9+ region needs AI applications and solutions addressing the needs in public and private sectors.

Innovative digital businesses are crucial because they:

- Develop new AI tools and applications enabling adoption across sectors
- Demonstrate AI's value as early adopters
- Inspire smart usage
- Create competitive pressure on laggards.

Use of generative AI in D9+ innovative digital businesses
% of respondents

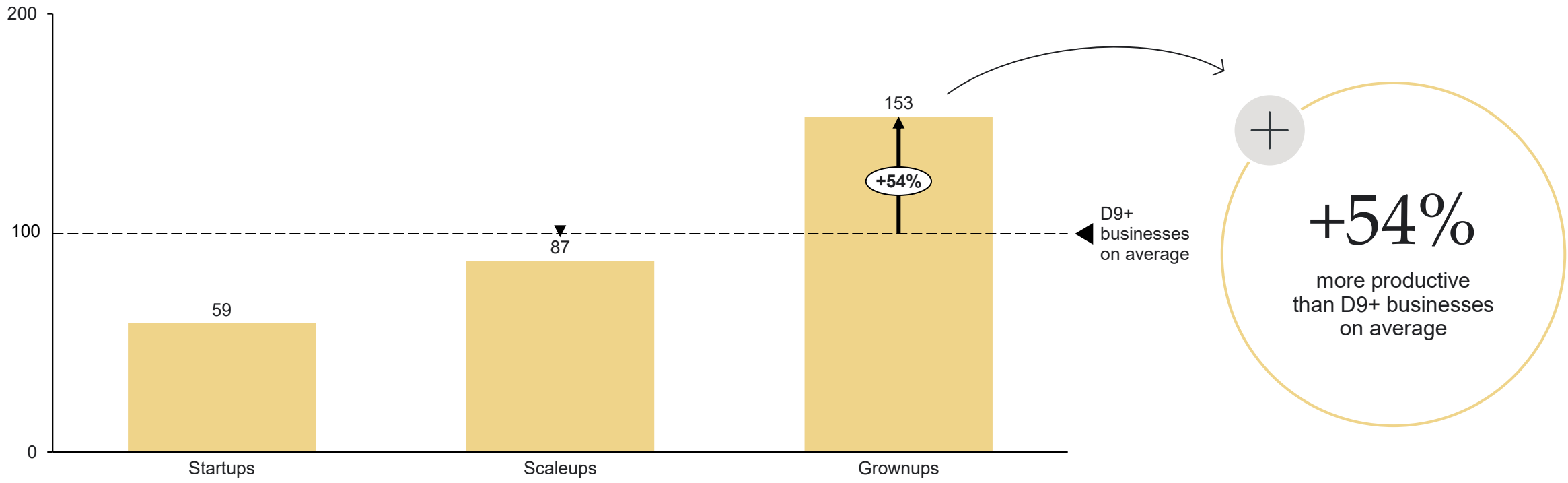


Note: Sample size of n=639 in D9+ for Notion Capital survey. Numbers may not sum due to rounding. Survey data includes all D9+ countries except Luxembourg, Portugal and Czechia and uses weighted averages based on economy sizes (GDP).
Source: Implement Economics based on Notion Capital survey (2024).

Besides diffusing critical technologies, innovative digital businesses are 54% more productive once they scale

Innovative digital businesses are not only key to innovation and diffusion of AI in the broader economy; they also add significant **direct economic value** through higher productivity. They make an outsized contribution when they scale. Grownups in the D9+ region enable workers to be **54% more productive** than businesses on average.

Average labour productivity by business size
EUR (thousand) per employee, 2023



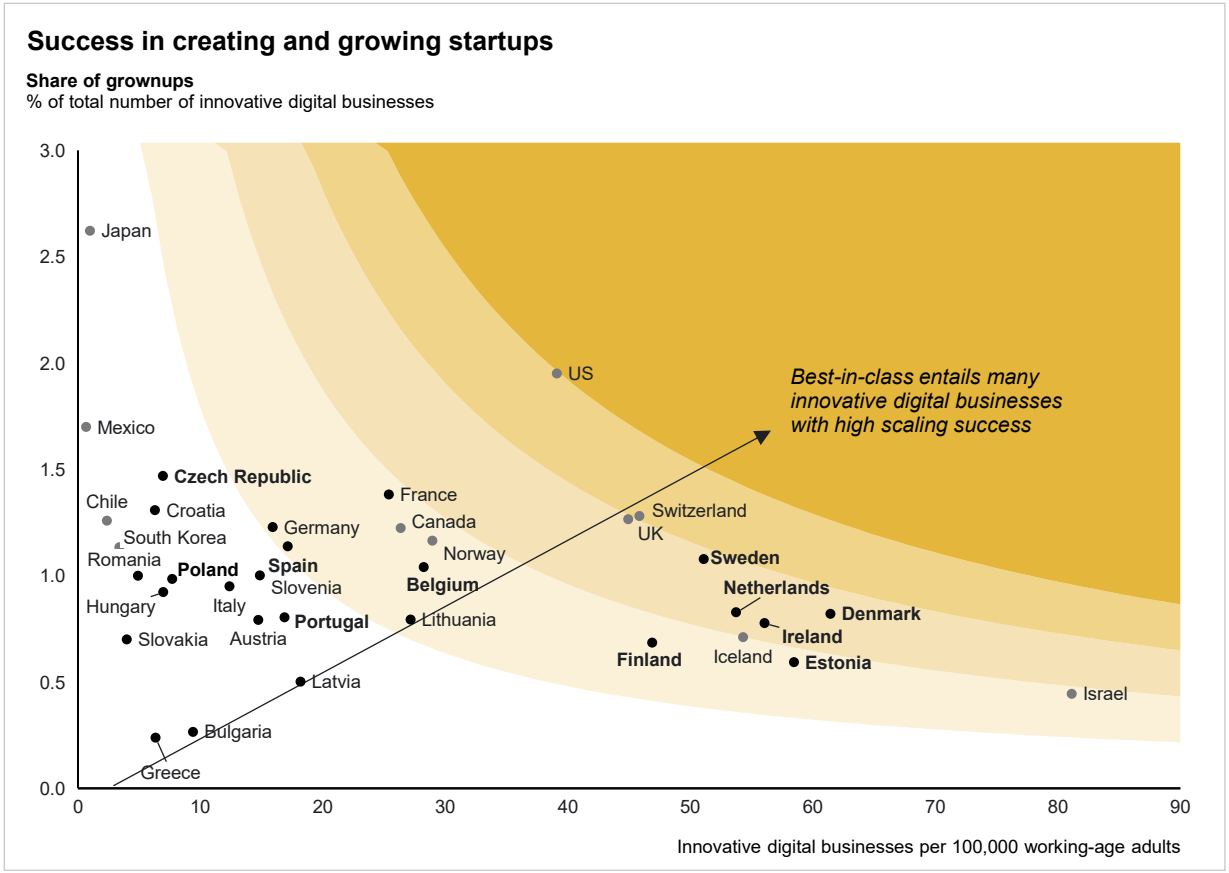
Note: Calculations based on Orbis data with available financial data. Value added at the company level is approximated as the sum of EBITDA and remuneration to employees. Estimates are based on Belgium, Denmark, Finland, Ireland, the Netherlands, and Sweden.
Source: Implement Economics based on Windsor (2024) using Dealroom data and Bureau van Dijk's Orbis database.

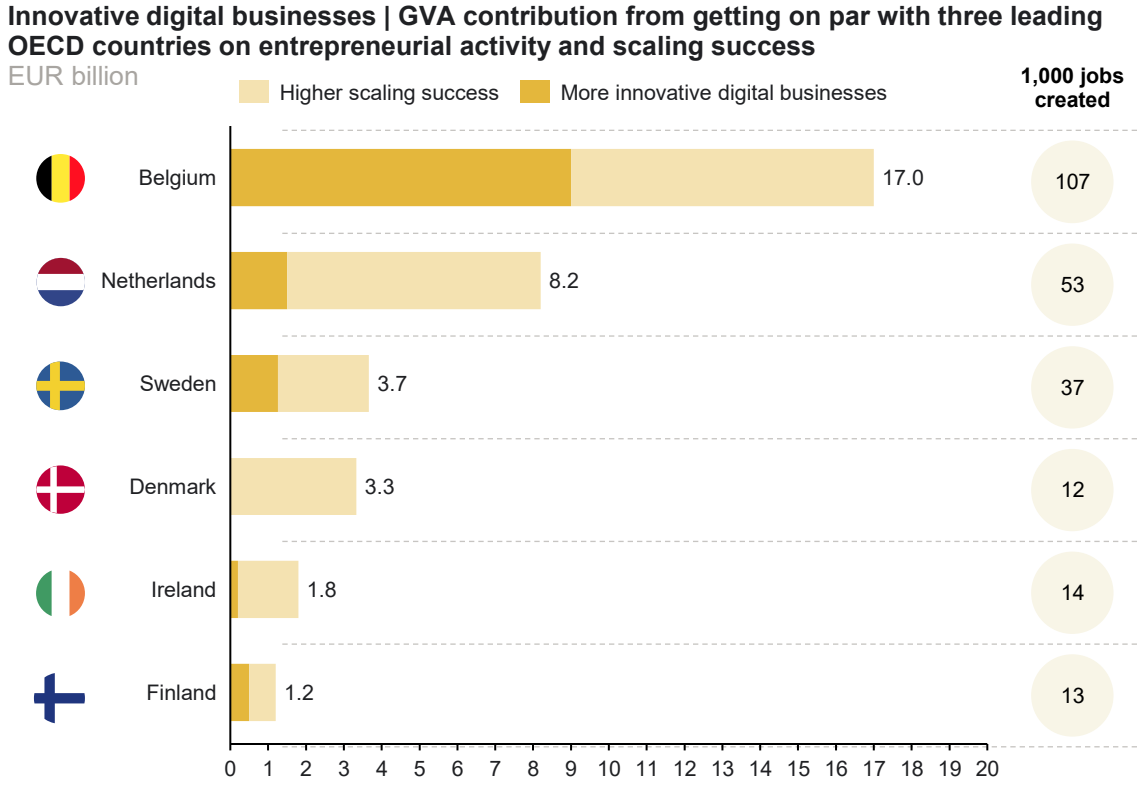
D9+ can unlock growth by scaling more innovative digital businesses

Many of the D9+ countries are frontrunners with some of the strongest entrepreneurial ecosystems in the EU. Continued success in creating and growing innovative digital businesses will depend on the ability to capitalise on AI opportunities.

Although many D9+ countries are among the EU frontrunners, the three leading OECD countries – US, UK and Switzerland – are performing even better in terms of scaling innovative digital businesses.

Based on the six D9+ countries analysed in our research, succeeding on par with the three leading OECD countries could generate an annual economic contribution from innovative digital businesses equivalent to **1.1% of national GDP**. Performing at the pace of the OECD leaders these six countries could generate a total of **236,000 high-value jobs**.





Read more on policy recommendations for the innovation potential here.

Note: Higher scaling success is defined as performance corresponding to the average of the top three OECD countries (UK, Switzerland and the US). Likewise, the scenario of "More innovative digital businesses" is defined by the average performance of the top three OECD countries (Ireland, Denmark and Estonia). This report's calculations do not presuppose a given timeline to achieve the potential. Estimates are based on Belgium, Denmark, Finland, Ireland, the Netherlands, and Sweden. The estimates represent gross potential gains and do not account for the fact that workers in new roles at innovative digital businesses might otherwise have been employed in jobs with average productivity.
Source: Implement Economics based on Windsor (2024) using Dealroom data and Bureau van Dijk's Orbis database.

Capturing the AI opportunities in D9+

AI is a key driver for competitiveness of the D9+ region and a simplified, aligned and pro-innovation regulation is needed

The European Commission aims to close the innovation gap with the Competitiveness Compass. The AI Continent Action Plan includes initiatives to enhance computing infrastructure, improve data access, stimulate AI development, strengthen talent, and foster a supportive regulatory environment. Harnessing Europe's strengths is vital to realising the AI opportunities.

Open competition among all providers, including non-European ones, enhances innovation and meets customer needs. As the Commission notes in its International Digital Strategy, *"no country or region can tackle the digital and AI revolution alone"*, making collaboration with partners and tech allies crucial for European competitiveness and economic security.

Regulatory simplification should be one of the priorities going forward. According to the Draghi report, EU regulation in the digital domain has become overly complex and burdensome, especially for young and innovative firms. The IMF estimates that the AI Act, data privacy laws and occupation regulation alone could reduce the productivity gains of AI adoption by over 30%.

Enable **innovation and invest** in AI research and development

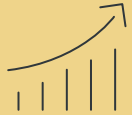
Developing a pro-innovation regulation and support the role of a single digital regulator

The D9+ group could support a pro-innovation regulation that is simpler, more effective, and coherent. With the rapid expansion of frameworks such as the DSA, DMA, Data Act, and AI Act, there is a growing need for rules that enable AI innovation in Europe. In parallel, the group should promote investment in innovative digital businesses by mobilising European savings and strengthening venture capital, ensuring regulation goes hand in hand with financing.

Simplify and align European AI regulation

Eliminating bureaucracy and aligning rules to create a stronger single market

The D9+ group could drive joint work to simplify regulatory frameworks and reduce administrative burdens for European businesses. This includes an examination of the 28th Regime and accelerating an impactful digital Omnibus with the goal of creating a more efficient, transparent, and business-friendly regulatory environment. Preserve the EU's copyright system while avoiding new obligations or caveats that could hinder AI development.



Promote widespread adoption and universal accessibility

Making AI a key driver for European competitiveness

The D9+ group could emphasise the importance of integrating sectoral AI applications in key European industries to increase productivity and reinforce the importance of public sector adoption of AI solutions. Leverage the public sector's 20-25% share of the AI adoption potential to help create a substantial market for startups and innovative businesses to tap into. Finally, SMEs may require an "AI jumpstart" through technical assistance, training, and guidance.

Build **human capital** and an AI-empowered workforce

Ensuring skill development for an AI-powered workforce

The D9+ could lead the way in re-focusing their training and upskilling programmes to ensure that the workforce is fit for the AI future and able to capture the benefits from AI to enhance and augment human capabilities. Ensure that new programs are in place to reskill workers in jobs with high AI displacement risk. Leverage public-private partnerships to develop AI skills and meet real-world scientific needs.

Invest in **AI infrastructure** and compute power

Strengthening the global leadership of European digital industries

The D9+ group could push for the right incentives and regulations for private and public investments in compute capacity, such as high-performance computing (HPC) and promote cross-border AI infrastructure and subsea cables while advancing decarbonisation strategies for data centre electricity emissions. Modernise electricity grids to ensure a reliable and clean energy supply to expand the data centre infrastructure.

Note: For more details on policies, see Draghi report, OECD AI principles, OECD AI Observatory, EU's ethical guidelines for trustworthy AI, EU's AI innovation package, Google's AI principles and paper on "An Opportunity Agenda for AI". For more details on carbon-free energy and digital decarbonisation, see the European perspective and global perspective.

Authors
- Martin H. Thelle
- Bodil Emilie Hovmand
- Sissel Marie Andersen
- Alexander Jagd Oure

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