



The AI innovation opportunity

How Belgium can scale innovative digital businesses with AI to close the innovation and competitiveness gap

An Implement Consulting Group study commissioned by Google

March 2025

The upcoming AI era calls for new ways of thinking about innovative businesses

This report examines a unique but highly important group of companies that we refer to as *innovative digital businesses*. Many of these companies have traditionally been described as “startups” or “tech businesses,” but we believe it is time to broaden these concepts and reframe how we talk and think about them.

More than startups

There is more to the story than just startups. Startups are important – they are where it all begins. However, for both investors and the broader economy, it is essential that a sufficiently large number of these ventures succeed and grow into larger, profitable, and highly productive companies, as their success enhances competitiveness and spreads new technologies throughout society.

More than tech

Similarly, there is more to the story than just tech businesses. The innovation potential of the emerging AI era extends beyond technology companies or industries like IT and telecom. AI has the potential to catalyse the creation of new innovative businesses across all sectors of the economy while boosting their productivity.

Innovative digital businesses are key to capturing the AI opportunity and closing Europe’s innovation and competitiveness gap

The creation of new innovative companies and the ability to scale them is crucial for closing Europe’s innovation and competitiveness gap, as highlighted in the Draghi report.

We are now on the brink of a new era of AI-driven economic growth, which has the potential to elevate Europe’s long-term growth beyond its historical trend. AI holds such transformative power that it could reverse the declining productivity trend in most EU countries.

Innovative digital businesses are key to capturing the AI potential because they:

- Develop new AI tools and applications
- Enable businesses across all sectors to adapt and benefit from AI
- Demonstrate AI’s value by being early adopters and innovators
- Inspire other businesses to use AI technology smartly
- Create healthy competitive pressure on slower adopters

WHAT ARE INNOVATIVE DIGITAL BUSINESSES?

Innovative digital businesses are defined as businesses with scalable business models that are less than 30 years old. Most of these businesses either have digital technology at their core or are heavily enabled by it. To identify these businesses, we use Dealroom data. The analysis focuses on companies headquartered in Belgium which are further classified as startups (2–50 employees), scaleups (51–500 employees), or grownups (over 500 employees).

AI can supercharge Belgium's ecosystem of innovative digital businesses, boosting productivity and competitiveness

Belgian innovative digital businesses create high-value jobs, drive innovation and enhance productivity

Belgium is home to around 2,100 innovative digital businesses. They employ 60,000 people, accounting for around 2% of private employment and 10% of private sector job creation since 2017.

Innovative digital businesses create high-value jobs and wealth, paying 60% higher wages and boosting employee productivity by 48% compared to Belgian businesses on average, even though some are still in the startup phase and testing their viability.

Innovative digital businesses that succeed in scaling make an outsized contribution to the economy; workers in scaleups are on average 8% more productive than workers in average Belgian businesses, and workers in grownups are more than twice as productive.

Belgium matches roughly the European average on the number of innovative digital businesses per working-age adult and the share of these that scale and become grownups.

AI opens new opportunities

As pointed out in the Draghi report, Europe largely missed out on the digital revolution led by the internet. Now we are on the verge of a new tech-driven productivity boom. This opens up new possibilities to innovate and build more effective businesses:

- AI can boost Belgium's ecosystem of innovative digital businesses by enhancing the productivity of research and development.
- Innovative digital businesses develop and adopt AI tools, showcasing their value and facilitating their use across the economy.



The core problem in Europe is that new companies with new technologies are not rising in our economy.

Mario Draghi in The Future of European Competitiveness

If Belgium successfully retains and scales innovative digital businesses to be on a par with leading OECD countries, this could:

- **Create 100,000 high-value jobs**, supporting the future competitiveness of the Belgian workforce.
- **Contribute up to EUR 17 billion annually** to the economy.
- **Enhance the diffusion of AI innovations to the rest of the economy.** Startups have a roughly 50% higher chance of radical innovations than incumbent firms and they drive around 26% of productivity growth in the economy.

Better framework conditions are needed for innovative digital businesses to be fit for the AI-powered future:



People. Growing, attracting and retaining the people with business and AI-relevant talent and ideas.



Technology. Providing access to state-of-the-art AI tools, digital infrastructure, and compute power.



R&D. Accelerating R&D with AI.



Rules. Providing regulatory clarity and reasonable compliance costs.



Capital. Unlocking Europe's fragmented risk capital markets and increasing attractiveness for venture capital investment in the EU.



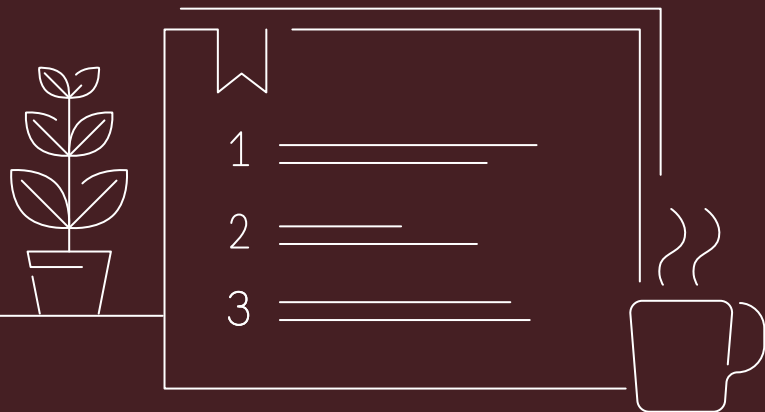
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1

The economic role of innovative digital businesses

Innovative digital businesses play an outsized role
in the Belgian economy.

Innovative digital businesses are scalable and tech-enabled

This study defines innovative digital businesses as companies headquartered in Belgium with a scalable business model, which are less than 30 years old, and whose product and/or business model are inherently innovative.

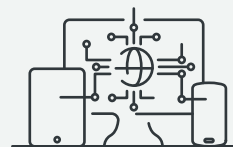
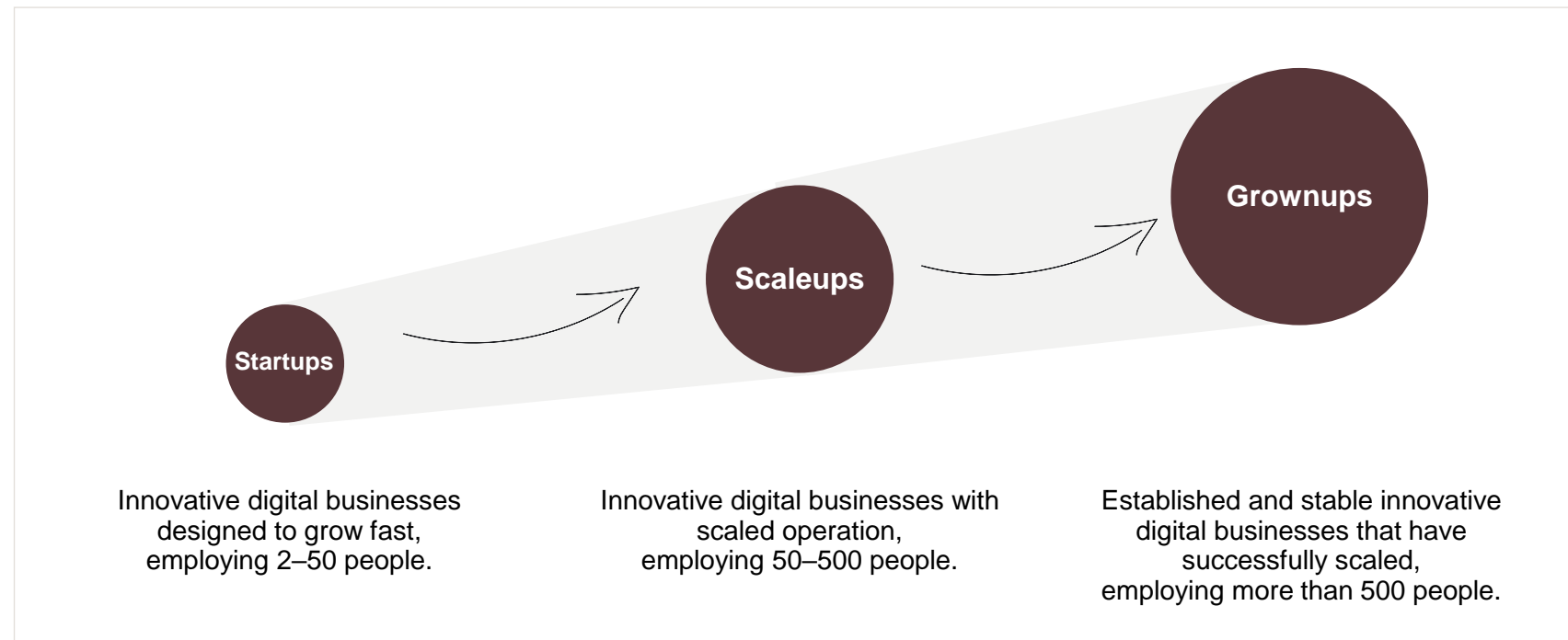
In most cases, these companies are tech-enabled, either utilising proprietary technology or software, or having business processes that are heavily enabled by technology.

This study categorises innovative digital businesses by employment size into three main stages: startups, scaleups, or grownups.

” Europe cannot afford to remain stuck in the ‘middle technologies and industries’ of the previous century. We must unlock our innovative potential. This will be key not only to lead in new technologies, but also to integrate AI into our existing industries so that they can stay at the front.

Mario Draghi in The Future of European Competitiveness

Innovative digital businesses



Digital infrastructure provides the foundational technology and platforms necessary for innovative digital businesses to operate, innovate and scale efficiently. It includes:

- Data centres
- Cloud storage
- Computing capacity and graphics processing units (GPUs)
- AI/ML technologies and tools

Note: The definition of innovative digital businesses is based on Dealroom.
Source: Implement Economics based on Windsor (2024) using Dealroom data and Draghi (2024).

Belgium is home to around 2,100 innovative digital businesses, employing 60,000 people

Innovative digital businesses employ 60,000 people in Belgium, accounting for 2% of private employment. Additionally, they employ 24,000 people outside Belgium.

- *Startups* employ 16,000 people in Belgium and 6,000 abroad.
- *Scaleups* employ 18,000 people in Belgium and a further 11,000 people abroad.
- *Grownups* employ 27,000 people in Belgium and have created 7,000 jobs abroad.

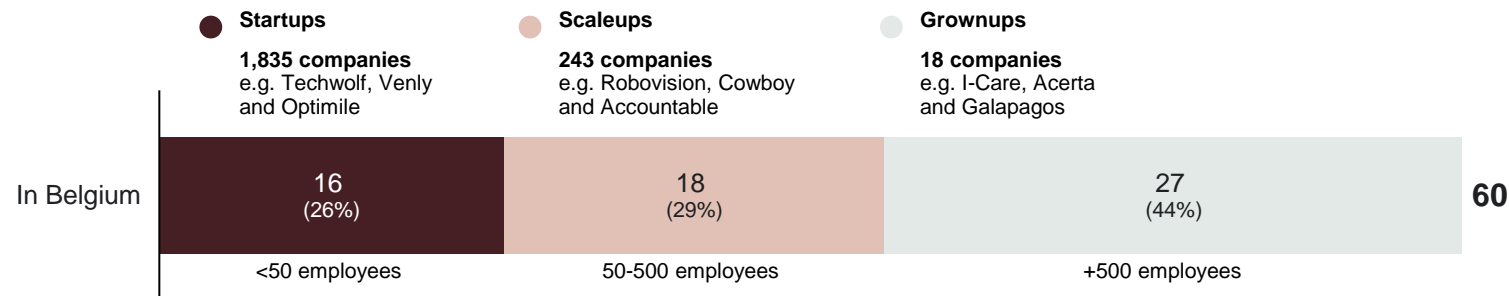
The significant employment by innovative digital businesses in Belgium and abroad highlights their international outreach and the facilitation of cross-border knowledge and expertise exchange.

~30% of jobs in innovative digital businesses headquartered in Belgium are abroad

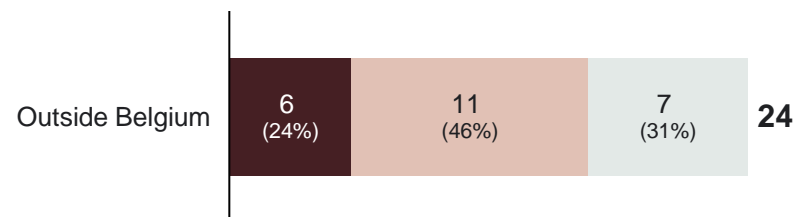
Employment in Belgian innovative digital businesses

Thousand employees

60,000 people are employed in innovative digital businesses in Belgium



24,000 people are employed *outside* Belgium by Belgian-headquartered innovative digital businesses



Note: The number of innovative digital businesses and their employment figures are based on companies with "verified" employment data from Dealroom. A number of innovative digital businesses are likely not captured in this data, making this a conservative estimate of their count and employment.
Source: Implement Economics based on Windsor (2024) using Dealroom data.

Europe and Belgium are not capturing enough venture capital investments in generative AI

Generative AI venture capital investment reached around EUR 44 billion globally in 2024, but only EUR 3.8 billion (9%) was directed to Europe, while none was recorded in Belgium.

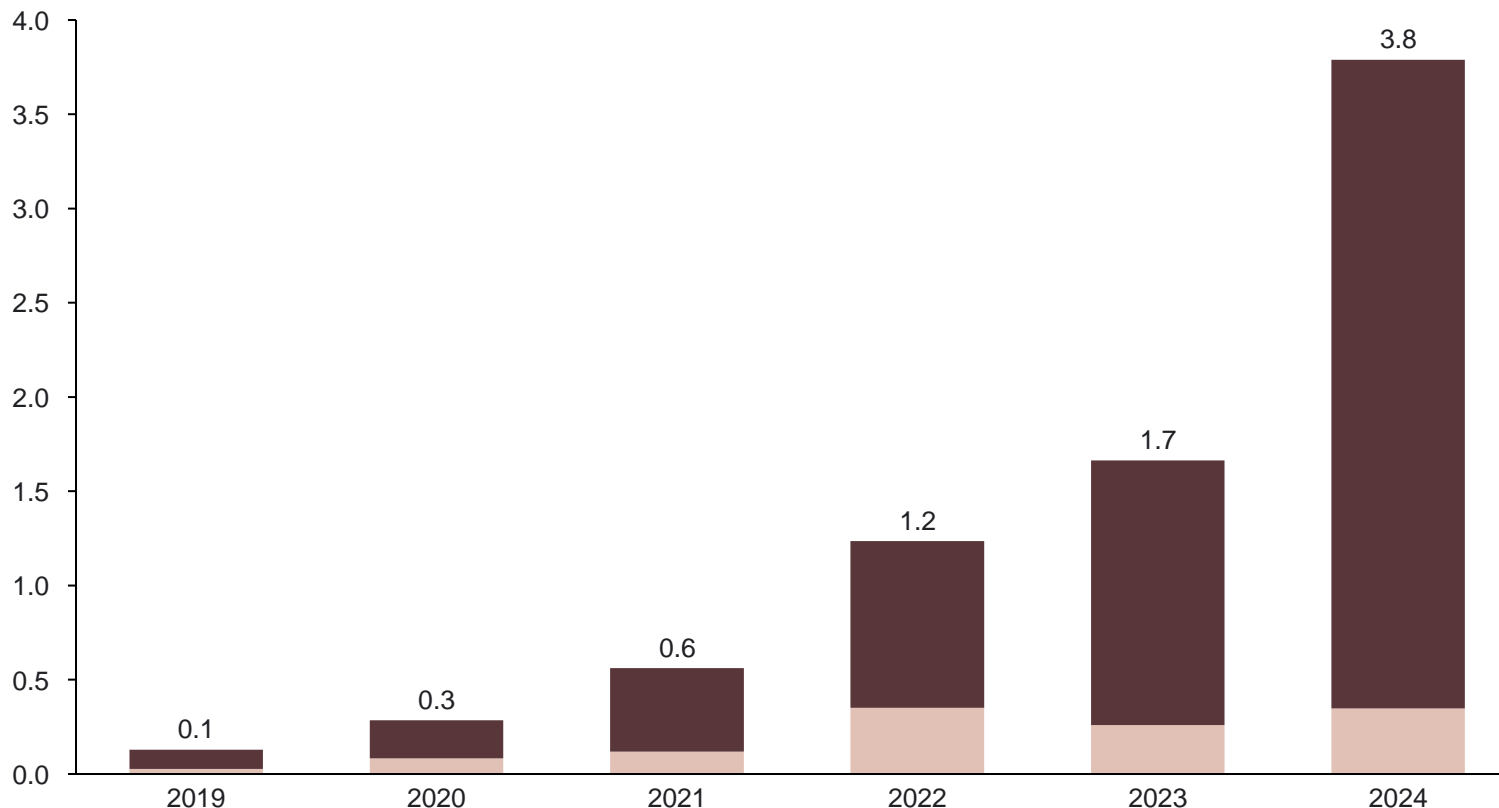
Most European venture capital funding is concentrated in a few nations: France, the UK, and Germany.

Europe risks falling behind in generative AI; increased funding is crucial to fully seize the opportunities AI presents.

9% of global generative AI VC funding was directed to Europe in 2024

Generative AI VC investment in Europe
EUR billion

■ France, UK and Germany ■ Rest of Europe



Sources: Implement Economics based on Dealroom.

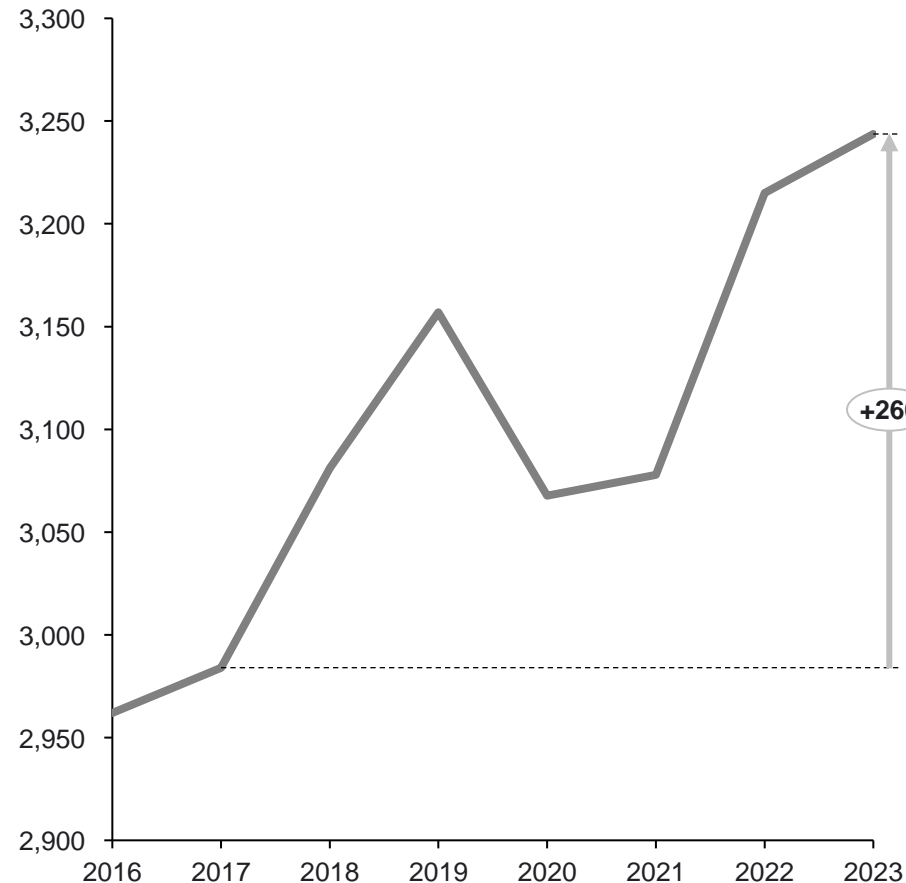
Innovative digital businesses have created 10% of all new private sector jobs in Belgium

Private sector employment in Belgium has grown by 260,000 jobs since 2017.

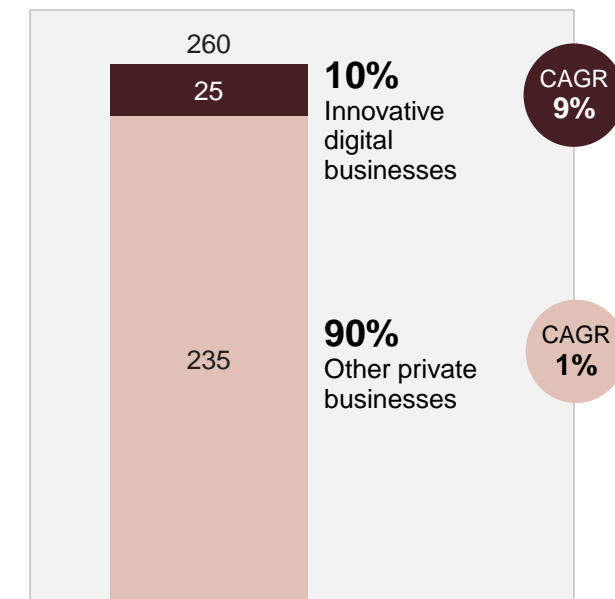
Innovative digital businesses were responsible for 25,000 of these new jobs, corresponding to 10% of all new private sector jobs in Belgium.

The pace of job growth in innovative digital businesses has outpaced other private businesses in this period, growing at an average of 9% per year since 2017. By contrast, job growth in other private businesses was only 1% per year in the same period.

Belgian private sector employment
Thousand persons



Net job creation in the private sector from 2017 to 2023
Thousand persons



Note: Calculations based on Orbis data for companies with available employment data.
Source: Implement Economics based on Windsor (2024) using Dealroom data, Bureau van Dijk's Orbis database and Eurostat.

Innovative digital businesses make an outsized contribution to the economy

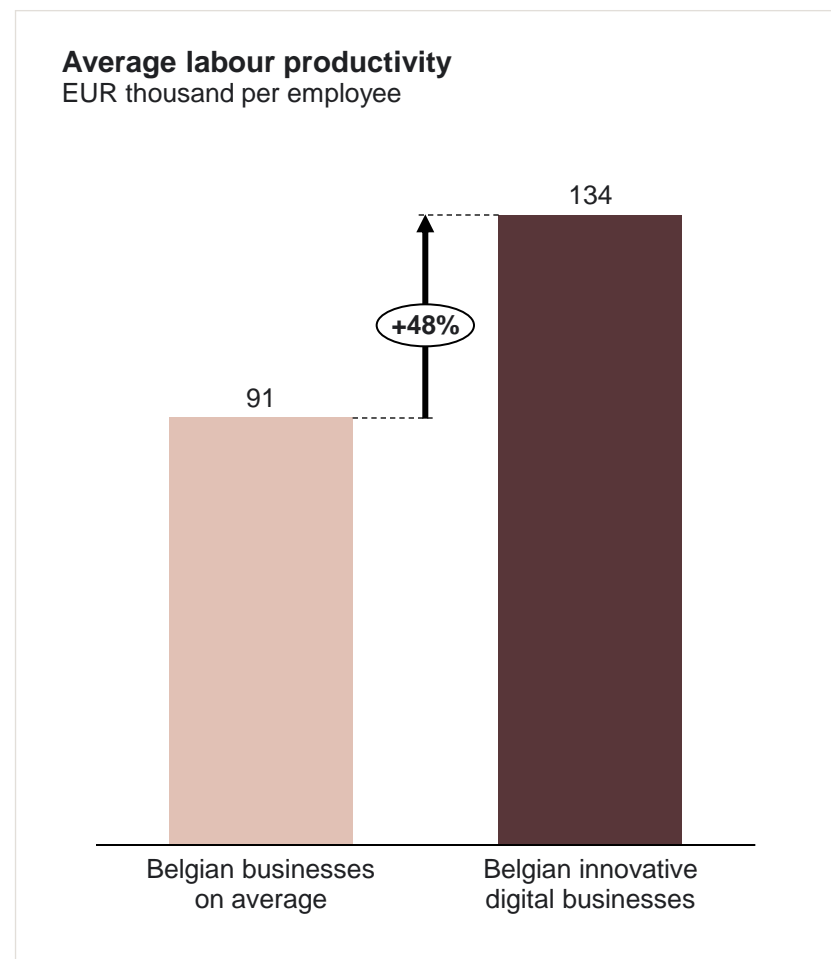
On average, innovative digital businesses employ more people and pay higher wages than average Belgian businesses.

More importantly, they have 48% higher labour productivity than the average business, significantly contributing to the competitiveness of the Belgian economy.

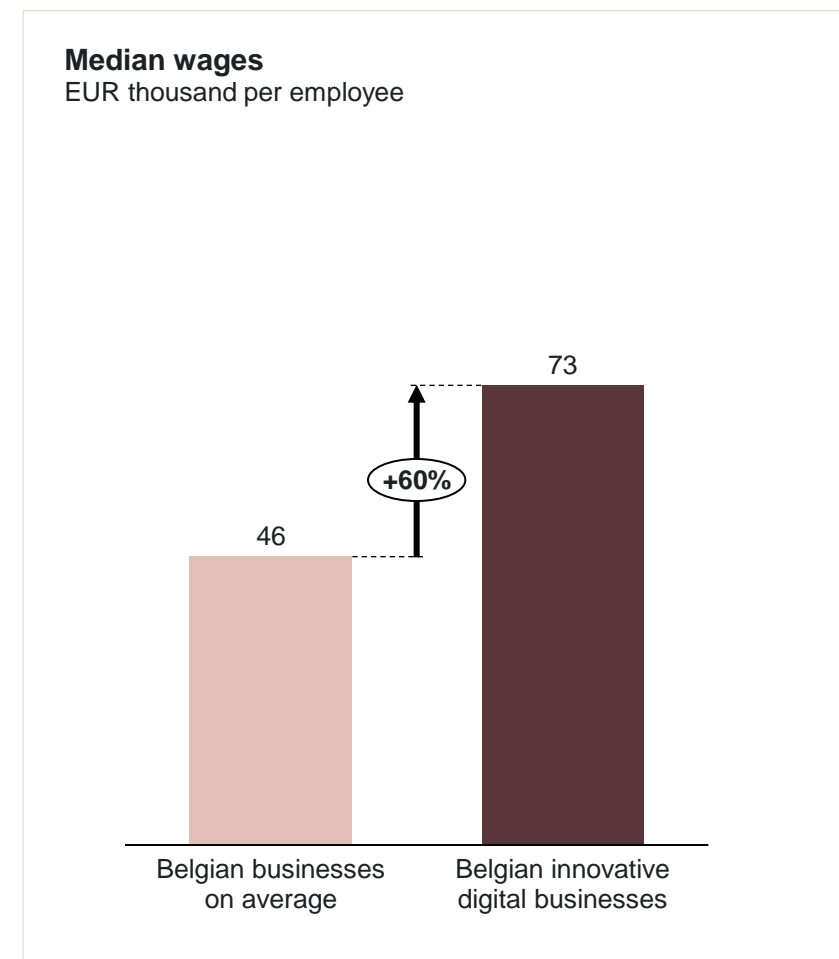
If Belgium creates the right conditions for innovative digital businesses to grow, this holds potential to boost productivity.

Belgian innovative digital businesses ...

... are more productive



... and pay higher wages



Note: Calculations based on companies in Dealroom and Orbis with available financial data. Value added at the company level is approximated as the sum of EBITDA and remuneration to employees. The average number of employees is based on Orbis, and results may therefore deviate from figures recorded in Dealroom. Source: Implement Economics based on Windsor (2024) using Dealroom data and Bureau van Dijk's Orbis database.

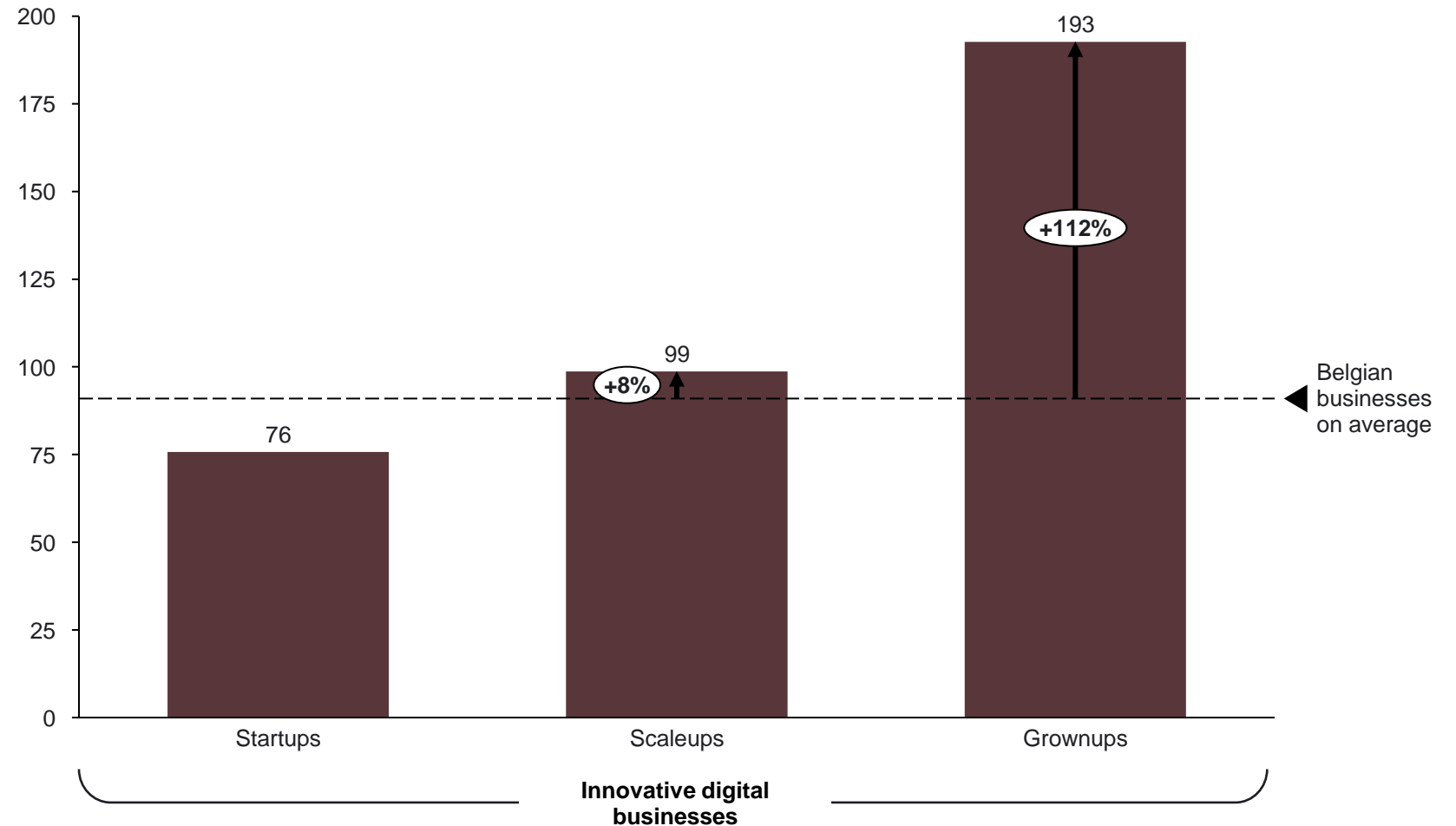
The outsized contribution depends on their ability to scale

Employees in scaleups are 8% more productive than in Belgian businesses on average, while successful grownups allow workers to be more than twice as productive as Belgian businesses on average.

Labour productivity is lower in startups than in businesses on average, which can be caused by several factors including rapid headcount growth, steep learning curve on operating model, resource constraints or market development.

Thus, while all innovative digital businesses begin as startups, the outsized contribution depends critically on enough of them succeeding in becoming scaleups and grownups.

Average labour productivity by business size
EUR thousand per employee



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.
Source: Implement Economics based on Windsor (2024) using Dealroom data and Bureau van Dijk's Orbis database.



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Innovative digital businesses use AI to innovate and grow

Innovative digital businesses are major drivers of radical innovation and play a crucial role in the early adoption and diffusion of new technologies.

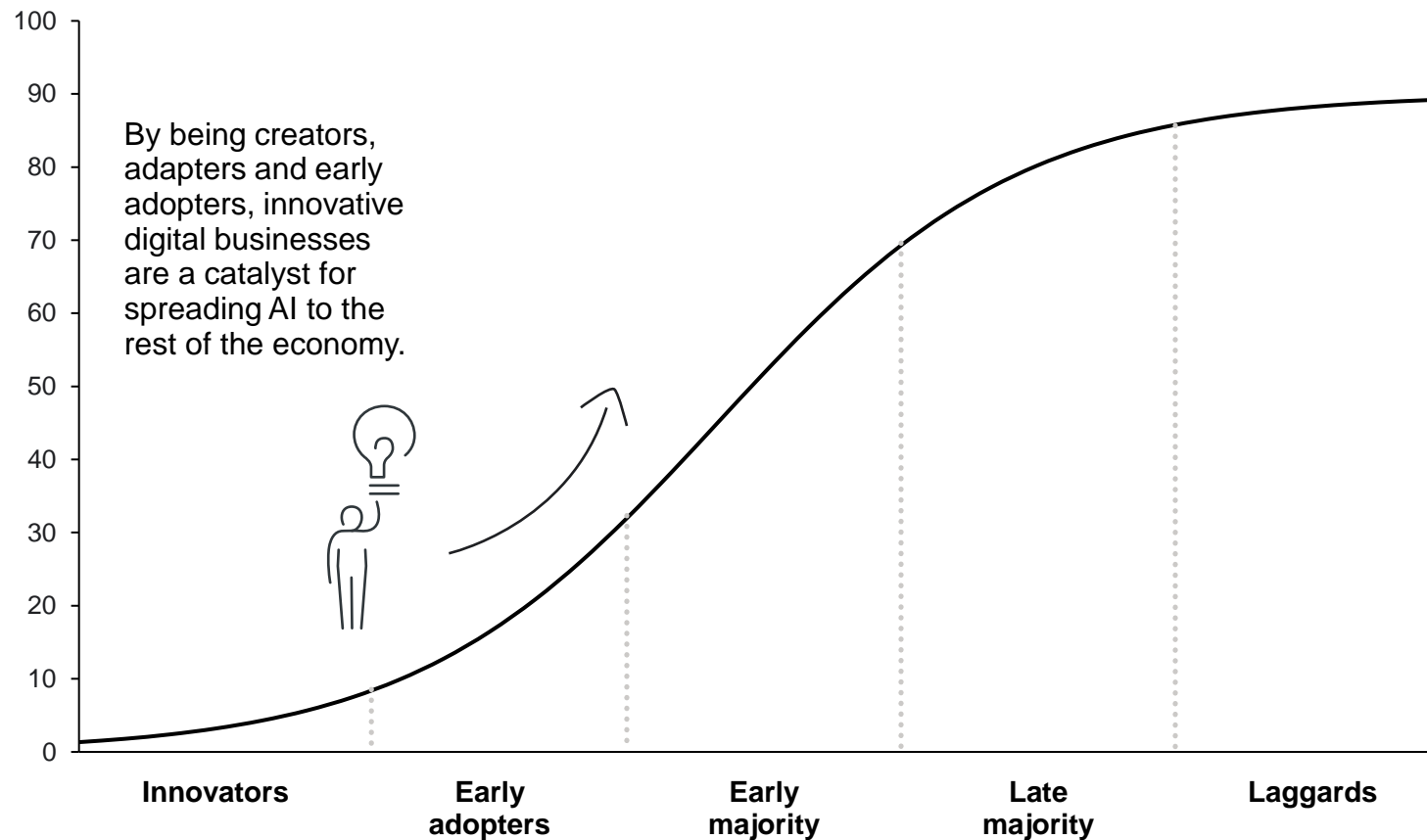
Innovative digital businesses propel AI adoption across the economy

The coming AI era holds major economic potential for Belgium.

Innovative digital businesses develop new AI tools and adapt existing ones, helping other businesses across sectors to benefit from the new technology. In Belgium, for example, the startup [AxonJay](#) has built a deep-tech AI assistant aimed at making AI more accessible and adaptable for businesses. This technology includes a self-learning platform that enhances the AI intelligence of businesses worldwide.

By being early adopters of AI, innovative digital businesses can demonstrate its value and make it easier for other businesses to start using it.

Diffusion of AI technologies in Europe
%



Note: The figure shows generative AI adoption expressed as a share of economy-wide firms exposed to AI automation. Source: Implement Economics based on Notion Capital survey (2024) and Bruegel (2021).

Innovative digital businesses can use AI to transform sectors across the economy

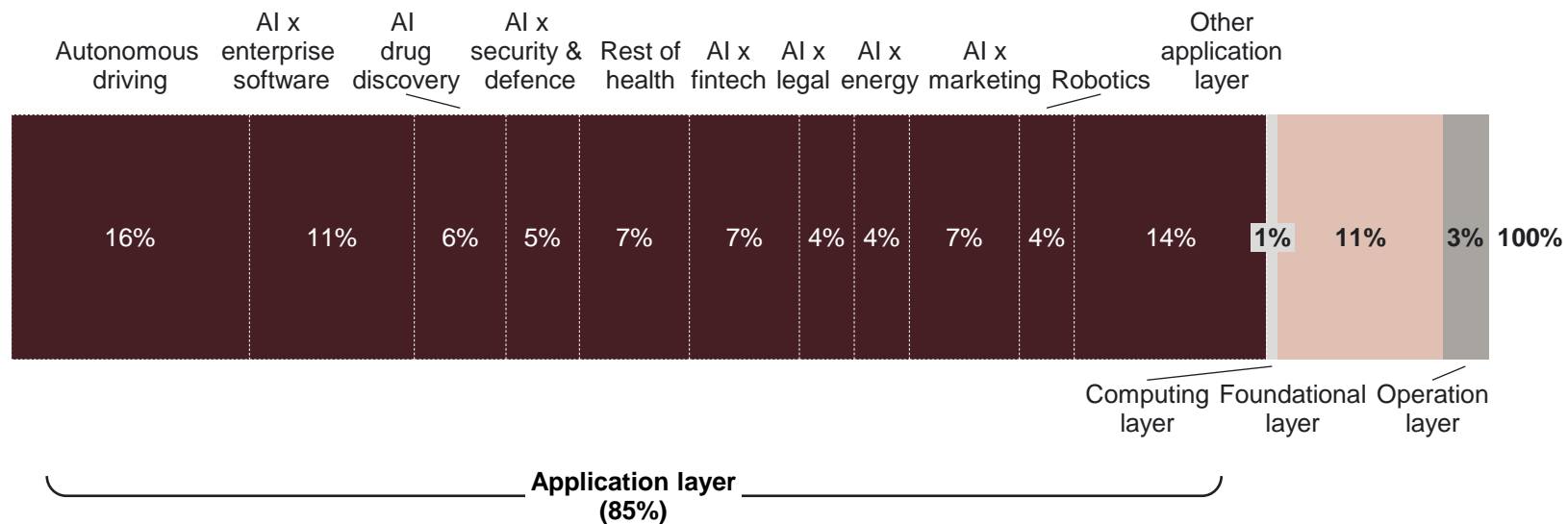
85% percent of European AI venture capital funding is directed toward the application layer of AI, focusing on real-world uses and integration into diverse sectors of the economy.

This investment trend reflects AI's transformative potential beyond traditional tech, reaching areas such as transportation, security, and healthcare.

By prioritising practical applications, these investments aim to drive meaningful changes that enhance productivity, safety, and quality of life across multiple industries, underscoring AI's role in reshaping the broader economic landscape.

AI VC funding in Europe by segment (2023/24)

Share of VC funding



Notes: Dealroom data as of 12th June 2024
Sources: Implement Economics based on Dealroom.

4 out of 5 European innovative digital businesses use generative AI

Realising the productivity potential of AI hinges on Belgian and European businesses' ability to adopt and develop AI and other technologies. Recent survey results from Notion Capital indicate that innovative digital businesses are early adopters and adapters of generative AI.

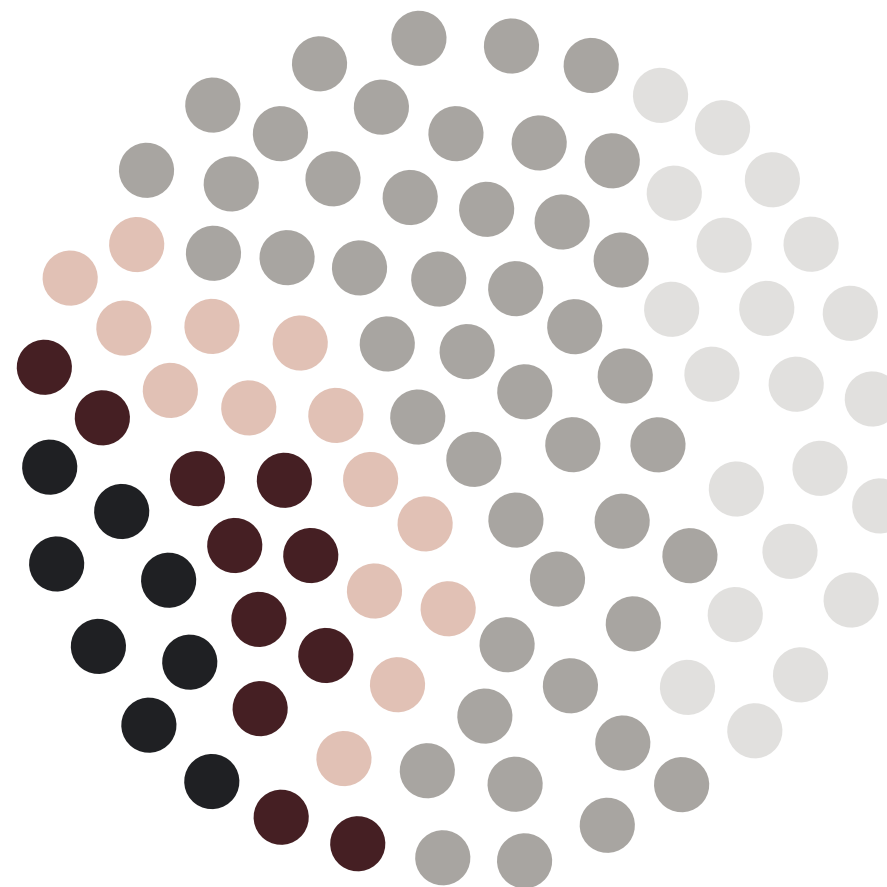
Use of generative AI in European innovative digital businesses

% of respondents



79% of European innovative digital businesses use generative AI. (80% in Belgium). This covers...

- ... **46%** who have **experimented** with or **partially adopted** generative AI (56% in Belgium).
- ... **14%** who have **fully adopted** generative AI. (16% in Belgium)
- ... **11%** who have **adopted and actively adapted** generative AI technology to suit business needs. (6% in Belgium)
- ... **8%** who have **generated** new AI technologies to serve business needs. (2% in Belgium)



- ... while **21%** do not use generative AI. (20% in Belgium)

AI boosts value creation and efficiency in innovative digital businesses

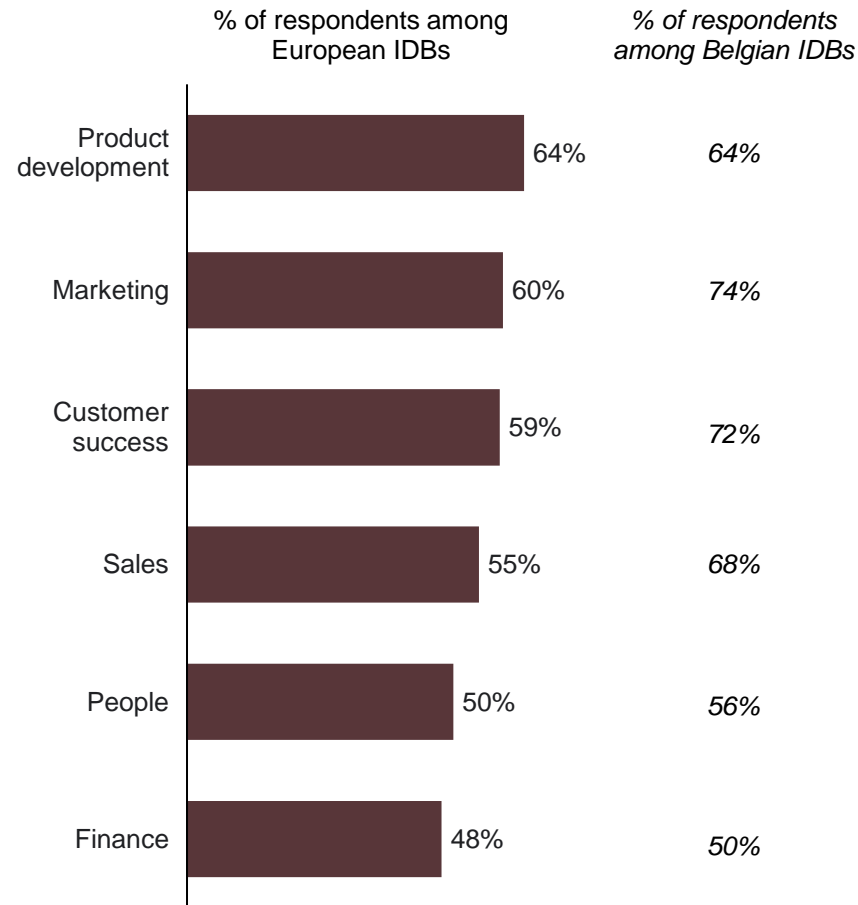
Surveyed innovative digital businesses (IDB) in Europe and Belgium use AI to create value across several key business functions. For example, 64% of European respondents state that AI has positively influenced their product development, while 60% state it has improved their marketing.

In addition, surveyed innovative digital businesses report that AI has improved efficiency across multiple areas, helping to optimise and streamline operations. For example, 60% of European respondents report improved data processing and 51% point to improvements in routine task automation.

Responses from Belgian innovative digital businesses are similar to average response rates across Europe. To ensure a large sample size, European polling results are reported.

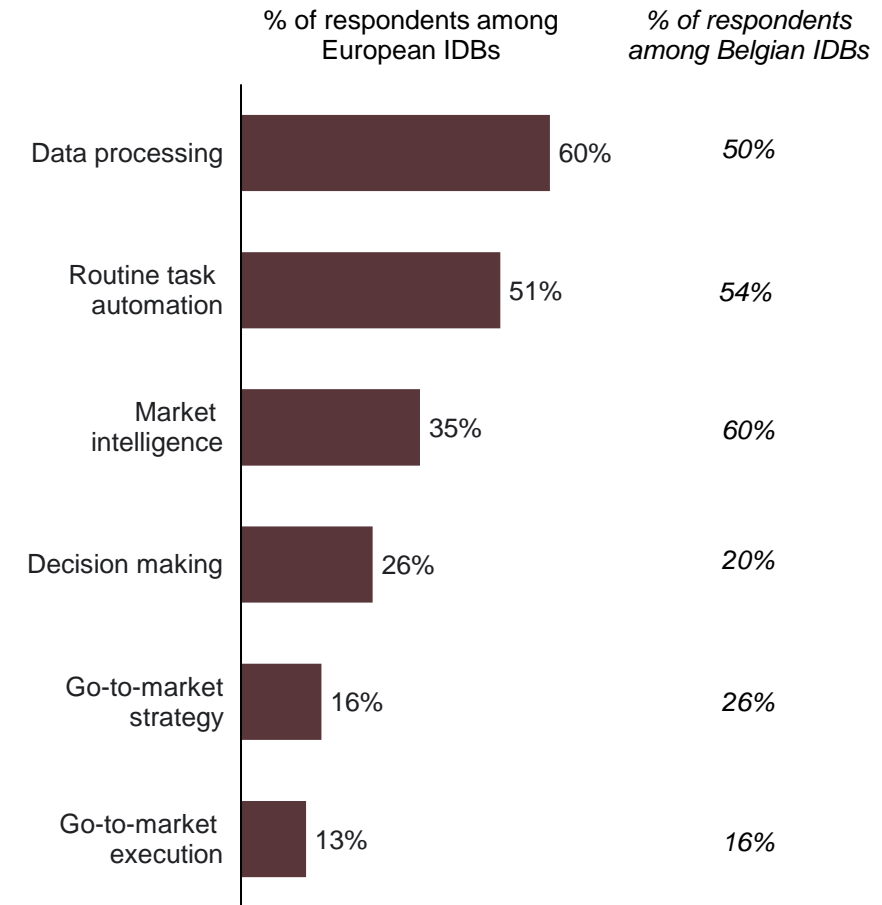
How has AI influenced the following value creation activities in your company?

% of respondents answering *slight positive impact* or *significant positive impact*



In which areas, if any, has AI improved efficiency in your company?

% of respondents



Note: Sample size of n=1095 in Europe and n=50 in Belgium for Notion Capital survey. Source: Implement Economics based on Notion Capital survey (2024).

Innovative digital businesses benefit from global access to AI technology

Generative AI is a general-purpose technology with broad application across industries and countries. While the majority of foundational AI models (73%) are developed in the US, according to the Draghi report, companies worldwide can benefit from them.

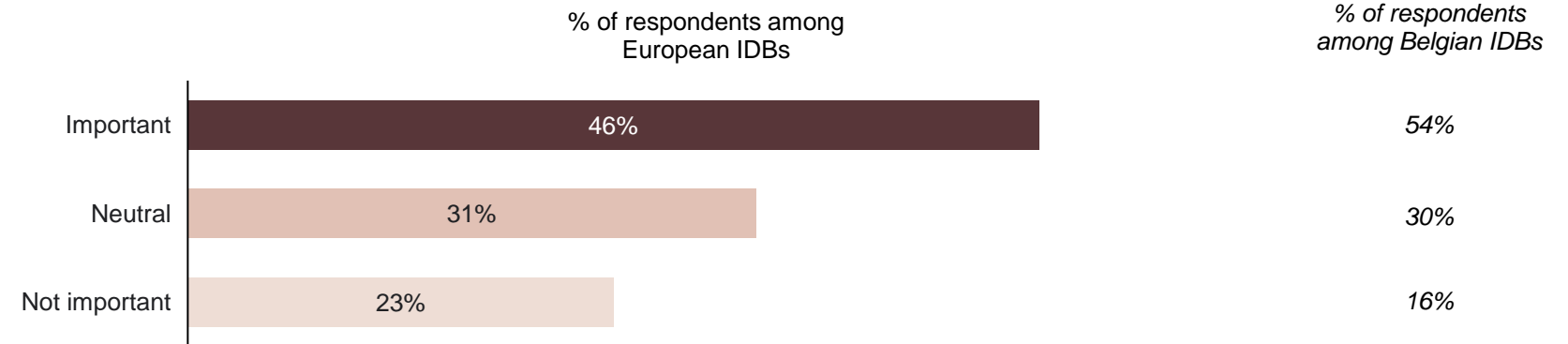
European innovative digital businesses state that they benefit from AI models developed outside Europe, with 46% saying that access to cutting-edge AI technologies from non-European companies is important for their business. Most respondents (58%) source these technologies from North America.

Access to these pre-trained models allows innovative digital businesses to develop AI applications efficiently without the risk and cost of training models from scratch.

Responses from Belgian innovative digital businesses are similar to average response rates across Europe. To ensure a large sample size, European polling results are reported.

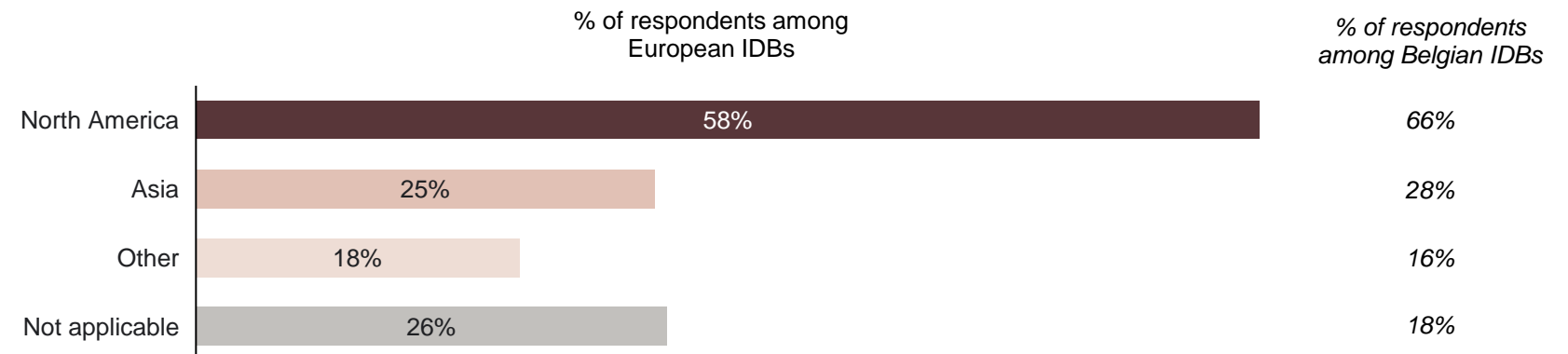
To what extent is access to cutting-edge AI technologies built by companies outside of Europe important to your business?

% of respondents



If important to your business, from which continent(s) are you sourcing cutting-edge AI technologies?

% of respondents among innovative digital businesses



Note: Sample size of n=1095 in Europe and n=50 in Belgium for Notion Capital survey. A foundational AI model is a large, pre-trained model designed to perform a wide range of tasks, serving as a versatile base that can be fine-tuned or adapted for specific applications in various domains.
Source: Implement Economics based on Notion Capital survey (2024) and Draghi (2024).

Innovative digital businesses work to solve societal challenges

Innovative digital businesses have an innovative product or business model and are often tech-enabled with proprietary technology, software, or tech-driven business processes.

In Belgium, 1,008 of them work within software as a service (SaaS), 395 work in hard tech, 420 in manufacturing and 276 in enterprise software.

Many of them work to address societal challenges, including 275 in health, 150 in energy and 127 in biotech.

” Integrating AI ‘vertically’ into European industry will be a critical factor in unlocking higher productivity.

Mario Draghi in *The Future of European Competitiveness*

Focus areas of Belgian innovative digital businesses

Number of innovative digital businesses operating in the focus area

Note that each business can be active in multiple areas

		Company example	Addressing societal challenges by...
Software as a service (SaaS)	1,008	Flexmail	
Hard tech	395	CISSOID	Supporting the digitalisation of society and furthering innovation of technology.
Enterprise software	276	Odoo	
Data analytics	136	Ubidata	
Health	275	KitoZyme	Innovating natural health solutions.
Energy	150	EnergyVision	Implementing renewable energy solutions for businesses.
Fintech	137	Moneytrans	Facilitating accessible financial services.
Biotech	127	reMYND	Developing therapies for neurodegeneration.
Manufacturing	420	Oleon	Promoting bio-based chemical solutions.
Marketplace & ecommerce	212	FORDAQ	Connecting sustainable wood industries.

Note: Categories are not mutually exclusive, i.e. businesses may be working within multiple business areas. Calculations are based on self-reported tags of companies' business areas. Source: Implement Economics based on Windsor (2024) using Dealroom data and Draghi (2024).

Innovative digital businesses are key to innovation and diffusion of new technologies to the rest of the economy

Academic studies show that ...

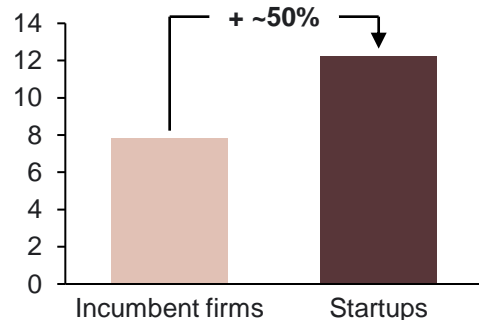
... startups create more radical and disruptive innovations ...

~50% higher chance of radical innovations than incumbent firms.

Startups, and hence innovative digital businesses, are more likely to introduce transformative innovations compared to incumbent firms.

These “outlier inventions”, defined as innovations within the top 5% of the citation distribution, can be transformative due to their profound impact on business processes and industries.

Likelihood of radical innovations
% outlier inventions



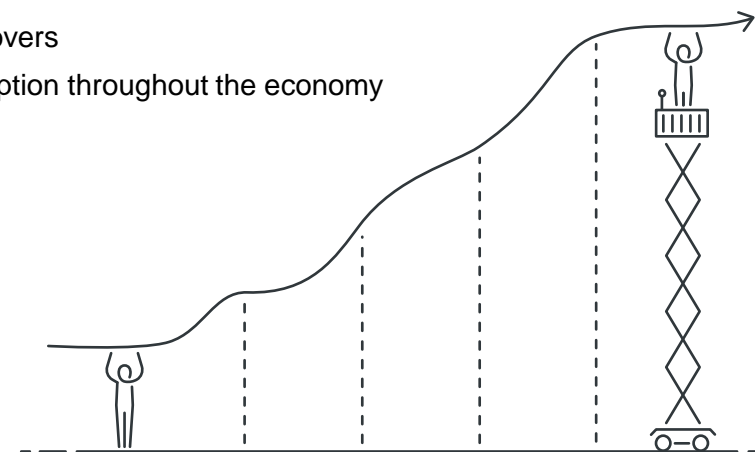
” Startups generate innovations that are more radical and disruptive than those of incumbent firms.
Kolev et al. (2022)

... and these innovations have positive spillover effects on the rest of the economy

26% of aggregate productivity growth is estimated to be driven by new businesses.

The entry of new businesses drives positive change by bringing new ideas to the market and creating competitive pressures that:

- Incentivise incumbents to innovate
- Create knowledge spillovers
- Push technological adoption throughout the economy



Note: Note that these metrics are based on various academic studies with different definitions of market entrants, startups and high growth businesses. While these definitions differ slightly from ours, they are closely correlated, making the results both indicative of broader trends and applicable to our definition of innovative digital businesses. Based on US business-level data, Akcigit & Kerr (2018) estimate that 25.7% of aggregate growth due to innovation is driven by new entrants, defined as businesses entering the census data during the sample period. Source: Implement Economics based on Kolev et al. (2022) and Akcigit & Kerr (2018).



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The importance of scaling innovative digital businesses

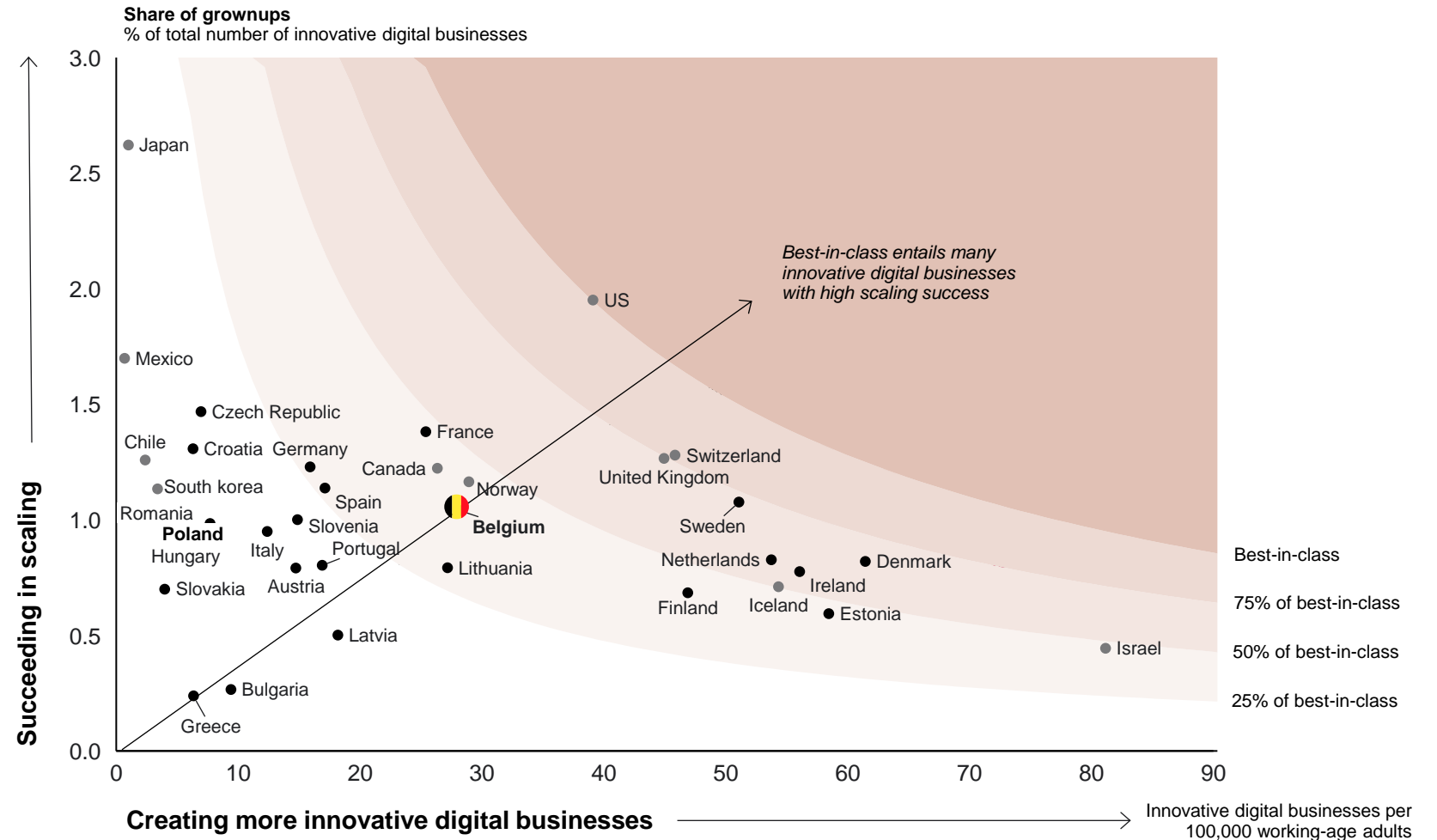
Successful scaling of innovative digital businesses holds major economic potential for the Belgian economy.

Belgium needs more and better innovative digital businesses to be on a par with the best

Belgium performs roughly on a par with the European average on both the number of innovative digital businesses per 100,000 working-age adults and the share of these that have become grownups.

Belgium can unlock significant economic growth by improving the number and the success rate in terms of the share of innovative digital businesses reaching the grownup scale.

The success of these businesses will also be crucial for capturing the AI opportunity because they are instrumental in the adoption, adaption and development of AI.



Source: Implement Economics based on Windsor (2024) using Dealroom data and Eurostat.

Belgium grows fewer unicorns than peers

Since 2000, Belgium has produced 7 unicorns (0.6 per million people), which is less than peers like the Netherlands (1.1) and Sweden (3.2). Unicorns are startups that reach a valuation of USD 1 billion and are not listed on the stock market.

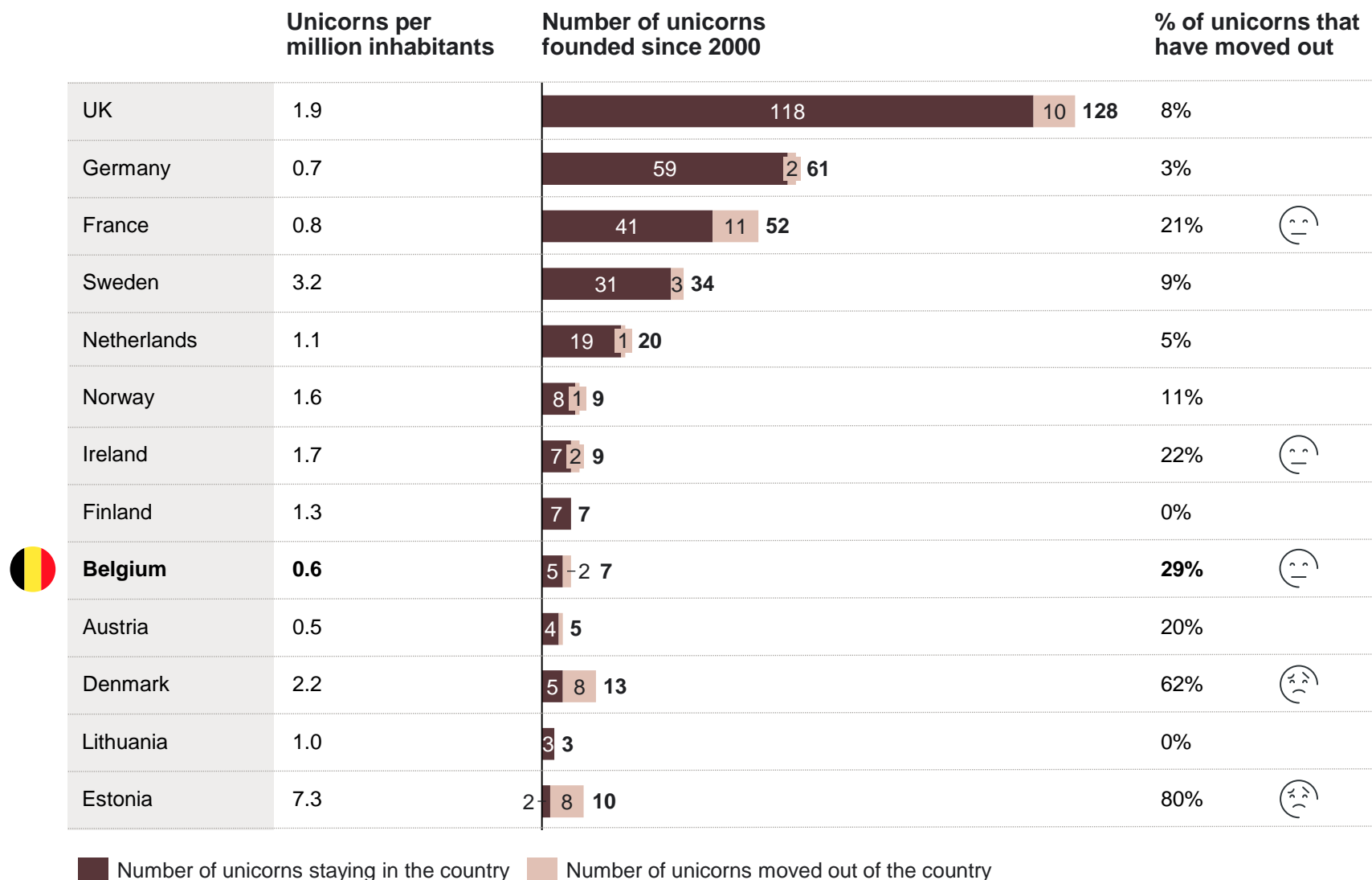
Two unicorns (29%) have moved abroad, a higher share than in the Netherlands (5%) and Sweden (9%).

Growing and retaining these quickly scaling innovative businesses holds considerable economic potential for Belgium.



... many innovative companies end up seeking out financing from US venture capitalists (VCs) and see expanding in the large US market as a more rewarding option than tackling fragmented EU markets.

Mario Draghi
in The Future of European Competitiveness



Note: Unicorns as of February 2025. Many unicorns in Finland have been sold to US or Chinese companies, while keeping their HQs in Finland, contributing to Finland's strong record of retaining unicorns. Source: Implement Economics based on Dealroom, World Bank Group and Draghi (2024).

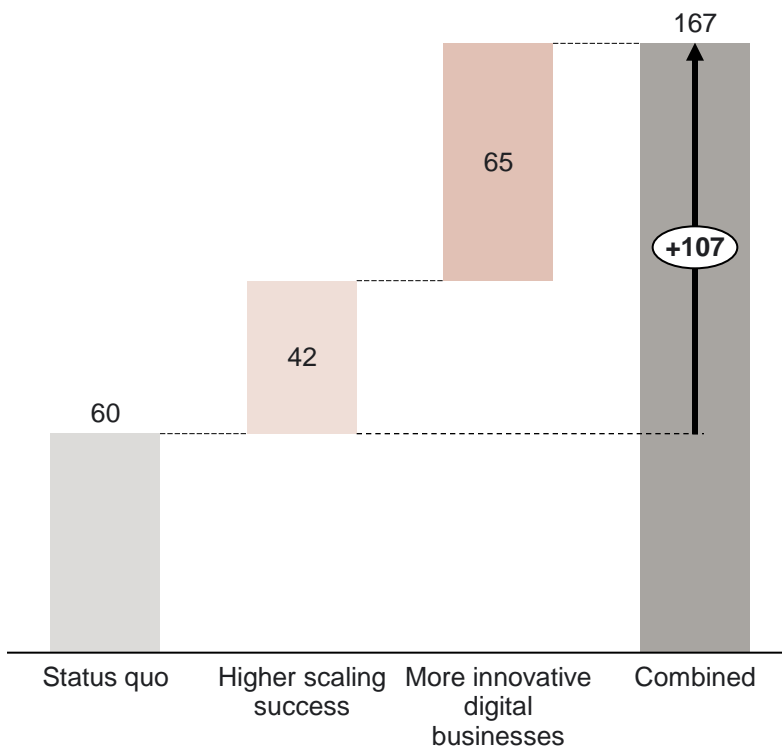
Belgium can unlock significant economic growth through innovative digital businesses

More and better innovative digital businesses could create 100,000+ high-value jobs and contribute almost EUR 17 billion annually to the Belgian economy. The impact stems from:

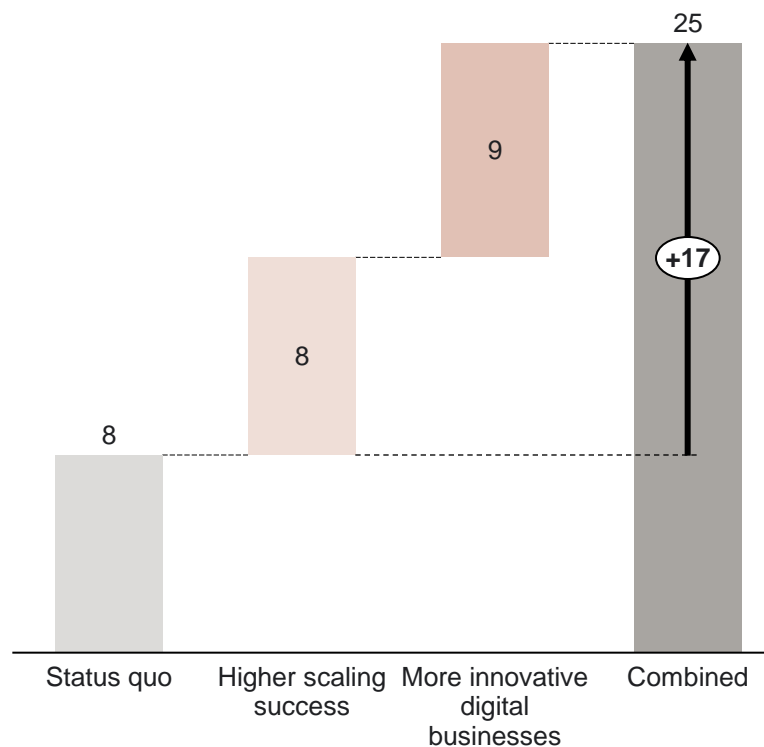
- **Higher scaling success of innovative digital businesses.** Transforming more startups into grownups, reaching the same success rate as the three leading OECD countries, could create 42,000 high-value jobs and add EUR 8 billion annually to the Belgian economy.
- **More innovative digital businesses.** If Belgium can grow more innovative digital businesses, reaching the entrepreneurial activity of the three leading OECD countries, these new innovative digital businesses could support 65,000 jobs and contribute EUR 9 billion annually to the Belgian economy.

The workers in the new jobs may otherwise have been employed in average productivity jobs. Accounting for this implies that the overall net impact on the Belgian economy is EUR 7 billion.

Jobs
Thousand



Annual GVA* in innovative digital businesses
EUR billion



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). *GVA: Gross Value Added. This report's calculations do not presuppose a given timeline to achieve the potential. Source: Implement Economics based on Windsor (2024) using Dealroom data and Bureau van Dijk's Orbis database.



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The way forward



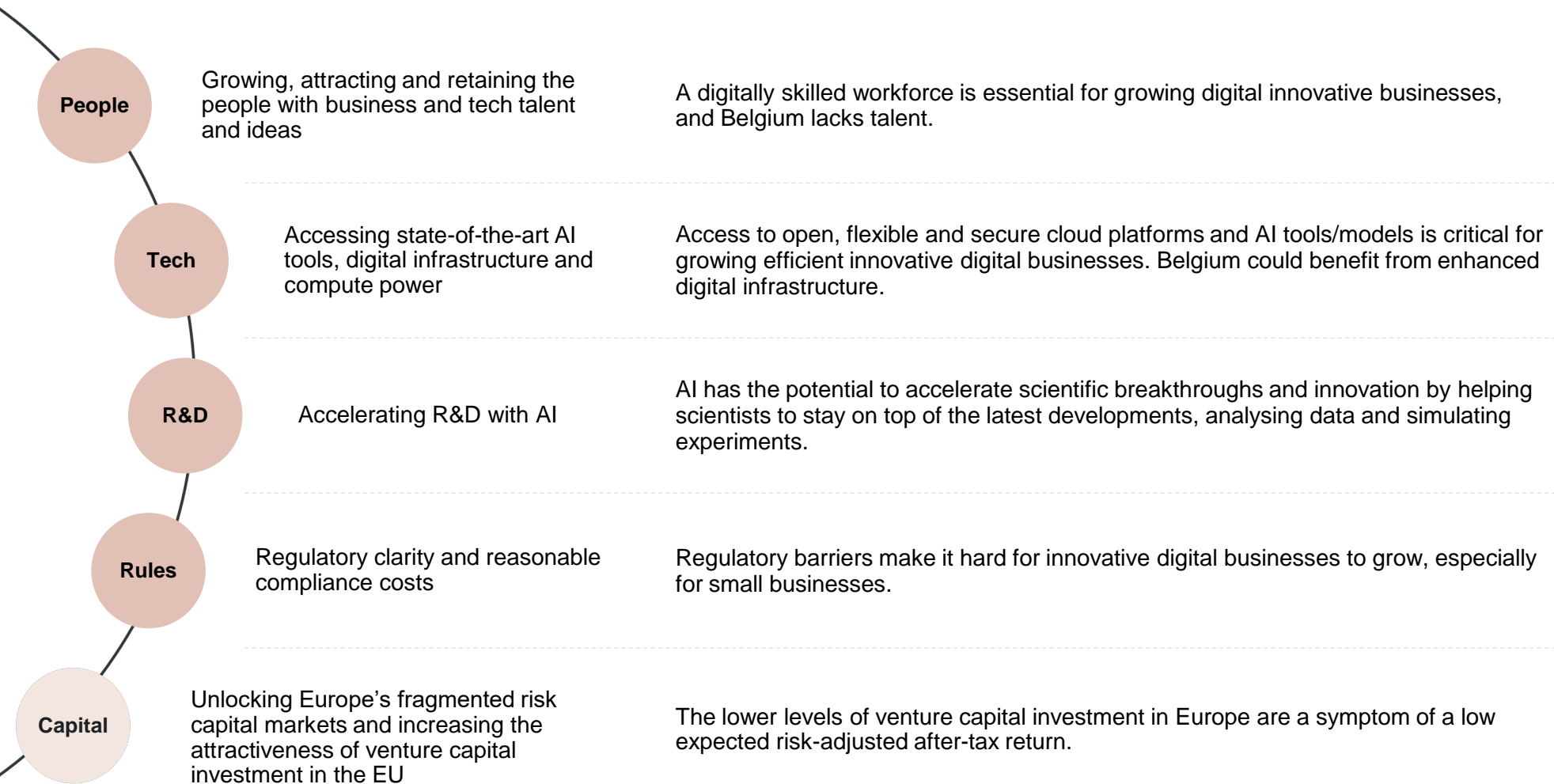
The only way to become more productive is for Europe to radically change

Mario Draghi in *The Future of European Competitiveness*

Belgium has strong framework conditions to grow innovative digital businesses, but challenges remain

Innovative digital businesses need...

Belgium's strengths and challenges in creating a supportive environment for innovative digital businesses:



The Belgian workforce holds key potential for AI-driven economic growth

People

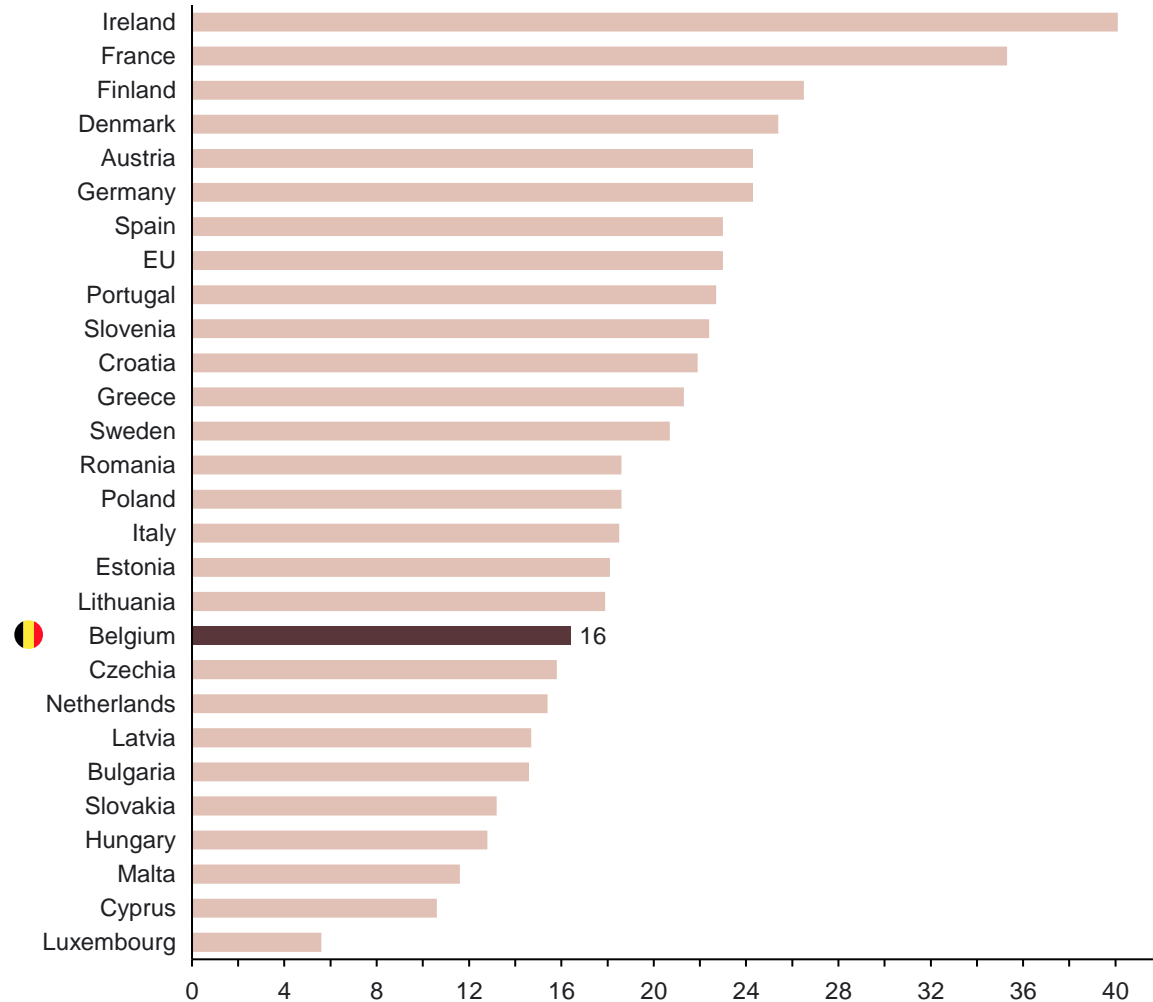
A skilled workforce is essential for growing digital innovative businesses. Using and innovating on top of cutting-edge technology like AI requires a well-educated workforce with strong technical capabilities, creative problem-solving skills and specialised AI skills.

Belgium lacks workers with the right talent. In the [State of Belgian Tech Report 2024](#), talent acquisition and retention are reported by founders as the main challenges for startups. In addition, Belgium scores around the EU average on human capital in [DESI](#) but has below-average ICT and STEM graduates.

The potential of generative AI is especially large for highly educated individuals because it can significantly free up time from mundane tasks such as coding and writing, allowing more time for creative thinking and problem solving.

Graduates in STEM, 2022

Per 1,000 of the population aged 20-29



Belgium needs to enhance AI infrastructure to grow and scale innovative digital businesses

Tech

Access to open, flexible and secure digital infrastructure is critical for startups that usually cannot afford large upfront investments or in-house IT expertise. Digital infrastructure includes data centres, cloud and compute power.

Access to top-performing AI/ML tools like Google Vertex and Hugging Face is central for Belgian innovative digital businesses. According to Notion Capital polling, 54% of them already rely on international models, mostly from North America.

Belgium’s digital infrastructure is lagging behind European peers. Belgium scores 20 out of 100 in the [AI infrastructure](#) index, falling behind the EU average of 22 and peers like the Netherlands and Nordic countries.

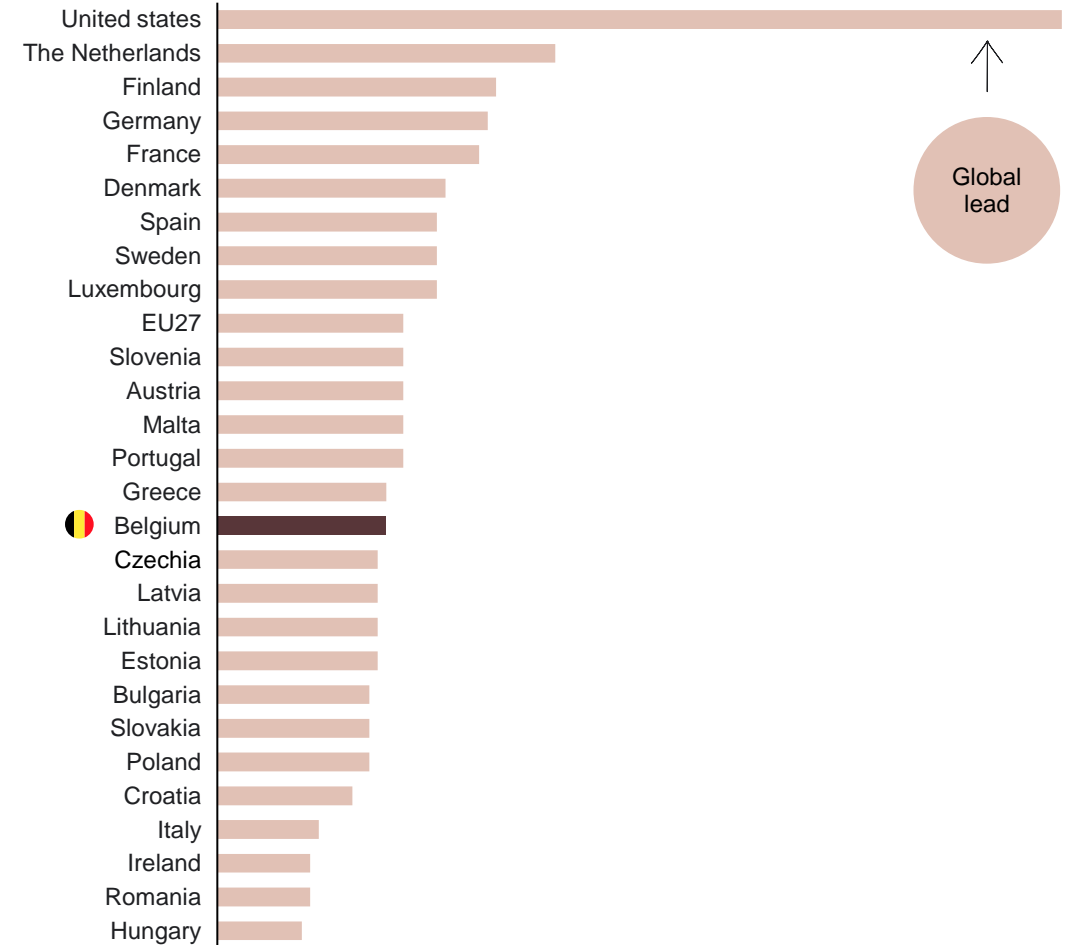
Capturing the AI opportunity requires significant expansions in digital infrastructure. IDC predicts that global data centre demand will nearly triple by 2027, highlighting the need for more and smart investments in digital infrastructure.

” Data access and computing power are critical for developing AI solutions that are robust, scalable, and capable of addressing complex societal challenges, from healthcare to climate change.

Enrico Letta in Much More Than a Market, 2024

AI infrastructure 2024

Global AI Index, score out of 100 (global leader)



Note: The AI infrastructure index measure assesses the reliability and scale of access infrastructure such as internet capabilities. Source: Implement Economics based on the European Commission, Tortoise Global AI Index, The Digital Economy and Society Index (2022) and Letta (2024).

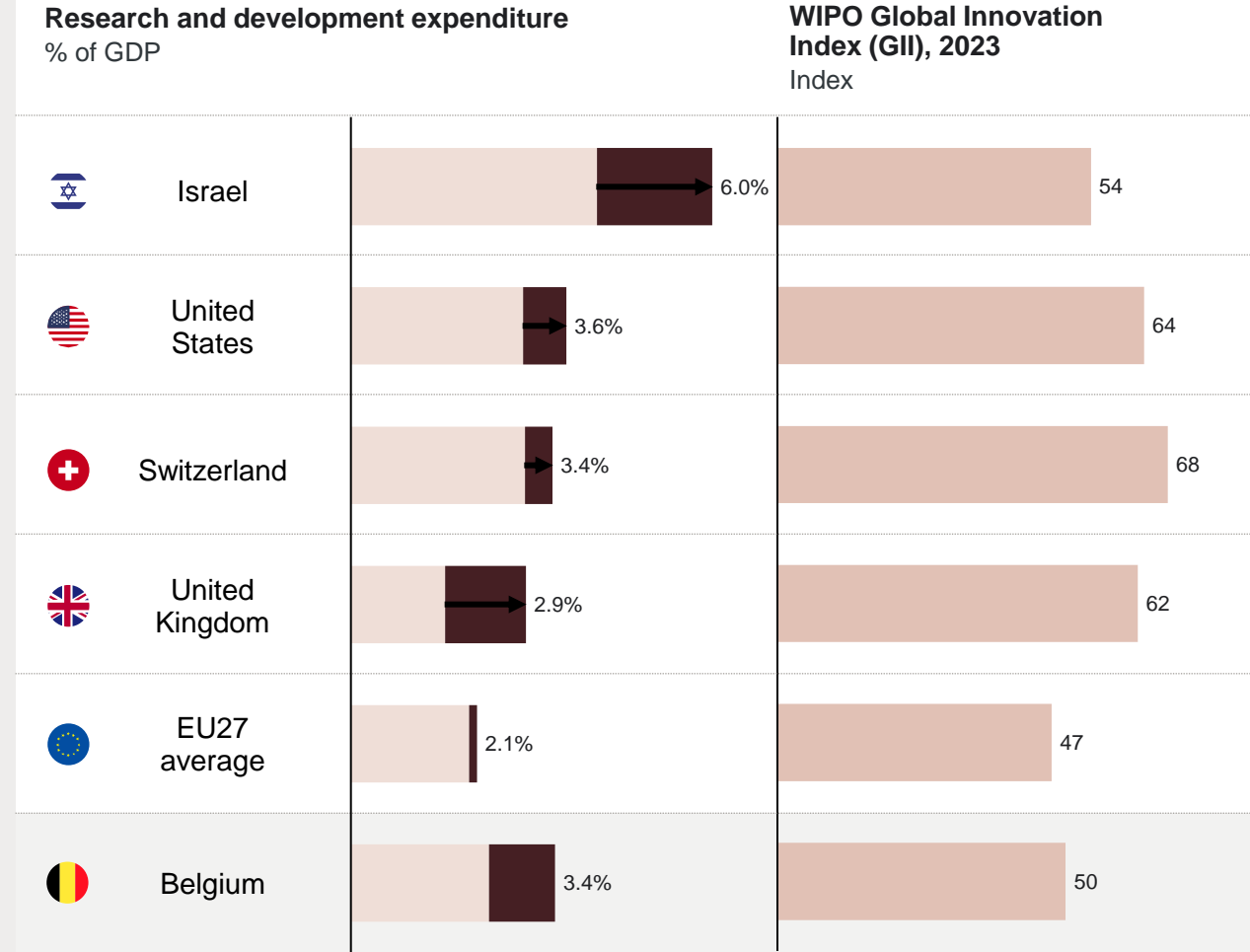
AI has the potential to significantly lift R&D productivity

R&D

The productivity of research in general has been declining for the past century, while the number of researchers has increased.

Belgium has relatively high R&D spending, above the EU average and nearly matching the US. In addition, Belgium has strong capacity and success in innovation as measured by the WIPO Global Innovation Index (GII).

Leveraging AI could be a key advantage for Belgium, accelerating scientific breakthroughs and addressing the growing complexity of research. For example, AI innovations like [AlphaFold](#), an AI system developed by Google DeepMind, have revolutionised protein folding predictions. By adopting generative AI, Belgium could enhance R&D productivity, enabling researchers to stay current and identify breakthrough opportunities.



2012 2022 or latest available year

Regulatory barriers to scaling are particularly burdensome for small and fast-growing innovative digital businesses

Rules

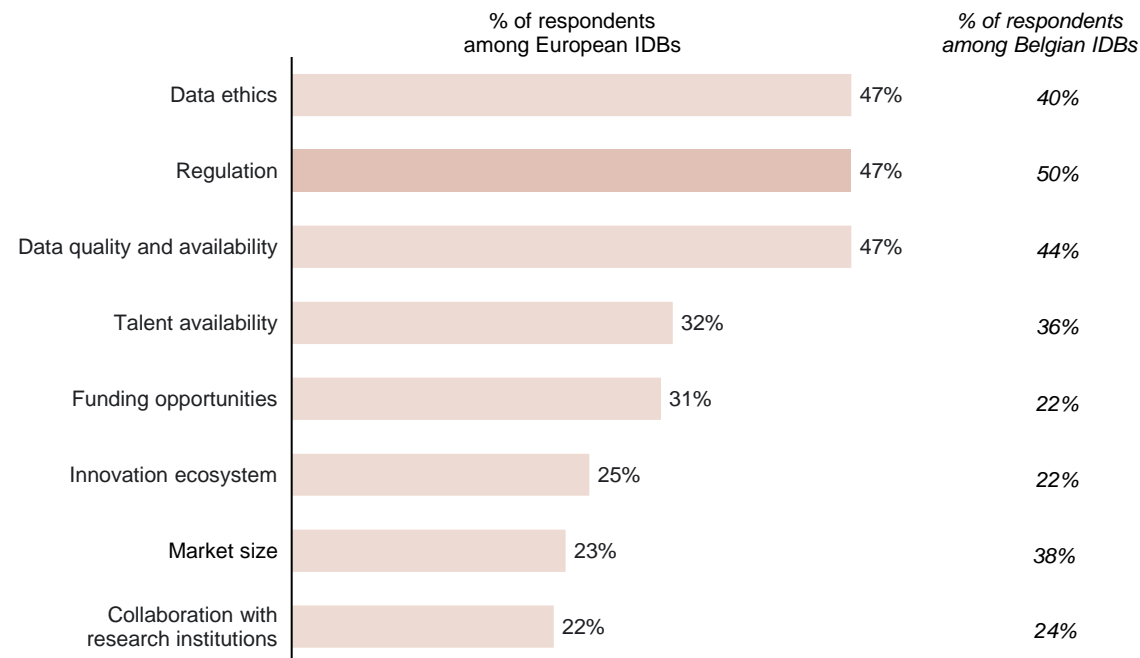
The complexity of EU regulation hampers innovation and investment. The EU now has around 100 tech-focused laws and over 270 regulators active in digital networks across EU Members.

The cost of compliance with EU regulation is substantial and particularly burdensome for small businesses. GDPR enforcement alone led to an 8% reduction in profits by covered businesses, with small tech companies experiencing double the impact.

Belgium's fragmented political structure makes it difficult for innovative digital businesses to navigate. The mix of regional policies, local laws, and decentralised funding creates challenges in complying with regulations and accessing public support.

Regulatory uncertainty delays AI innovation and adoption. 50% of surveyed Belgian innovative digital businesses see regulation as an obstacle to developing cutting-edge AI technologies. Large companies like [Google](#), [Apple](#), [Meta](#) and [OpenAI](#) have also announced product delays or cancellations due to regulatory ambiguity.

What are the main challenges faced by European startups developing cutting-edge AI technologies? % of respondents



” There is a clear, unmet need for alignment of currently fragmented support structures and public funding opportunities.
State of Belgian Tech Report, 2024

Increase the attractiveness of investing in Europe's innovative digital businesses

Lower levels of venture capital investment in Europe are a symptom of a low expected risk-adjusted after-tax return

Europe is not lacking money. In 2022, EU household savings were EUR 1,390 billion, compared to EUR 840 billion in the US, according to the Draghi report.

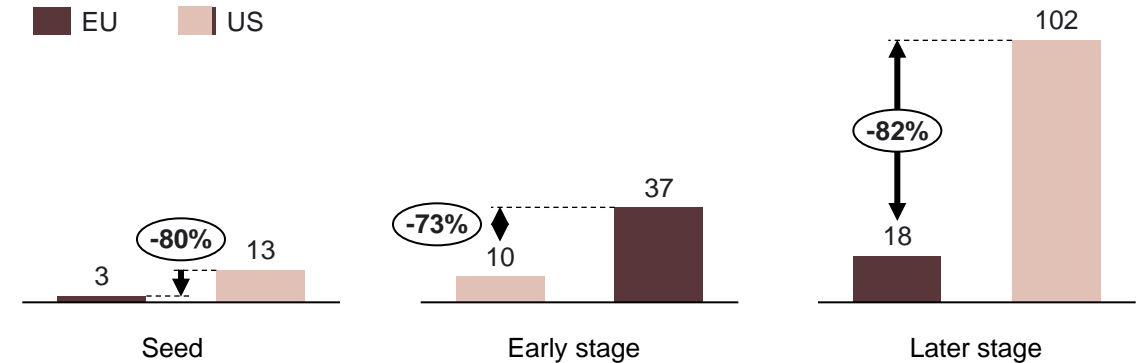
But Europe attracts around USD 100 billion less in venture capital investment than the US. Venture capital is the main source of financing for innovative digital businesses, especially those aiming to grow aggressively towards the “grownup” scale.

Europe's fragmented capital markets hamper the flow. Different rules in each EU country make it difficult for investors in one country to fund projects in another. This prevents the EU from using its full scale to create large investment funds that can support risky projects.

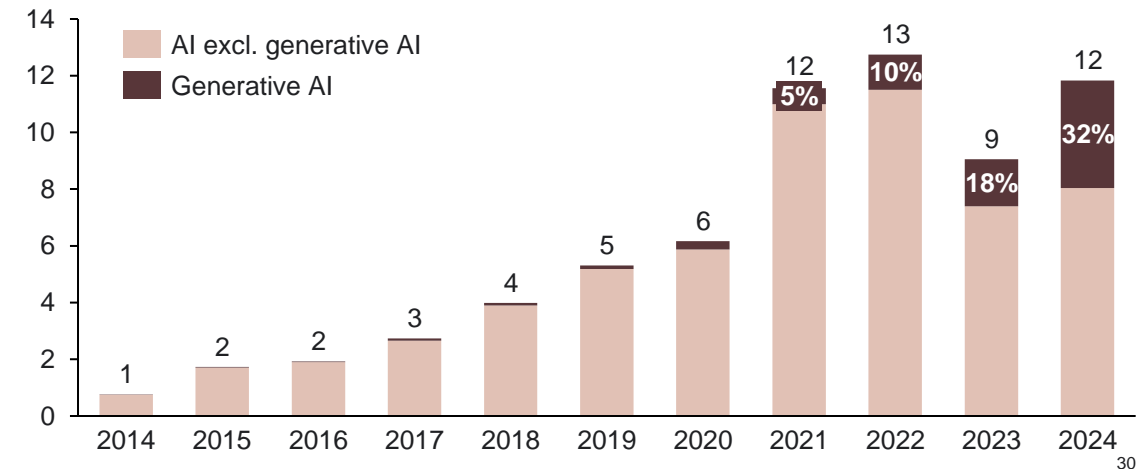
Regulatory uncertainty and excessive regulatory costs are a further negative element. Unclear rules and higher regulatory burdens reduce the expected return on the capital needed to scale up Europe's innovative digital businesses.

Capital

Venture capital investment by development stage, 2023
USD billion

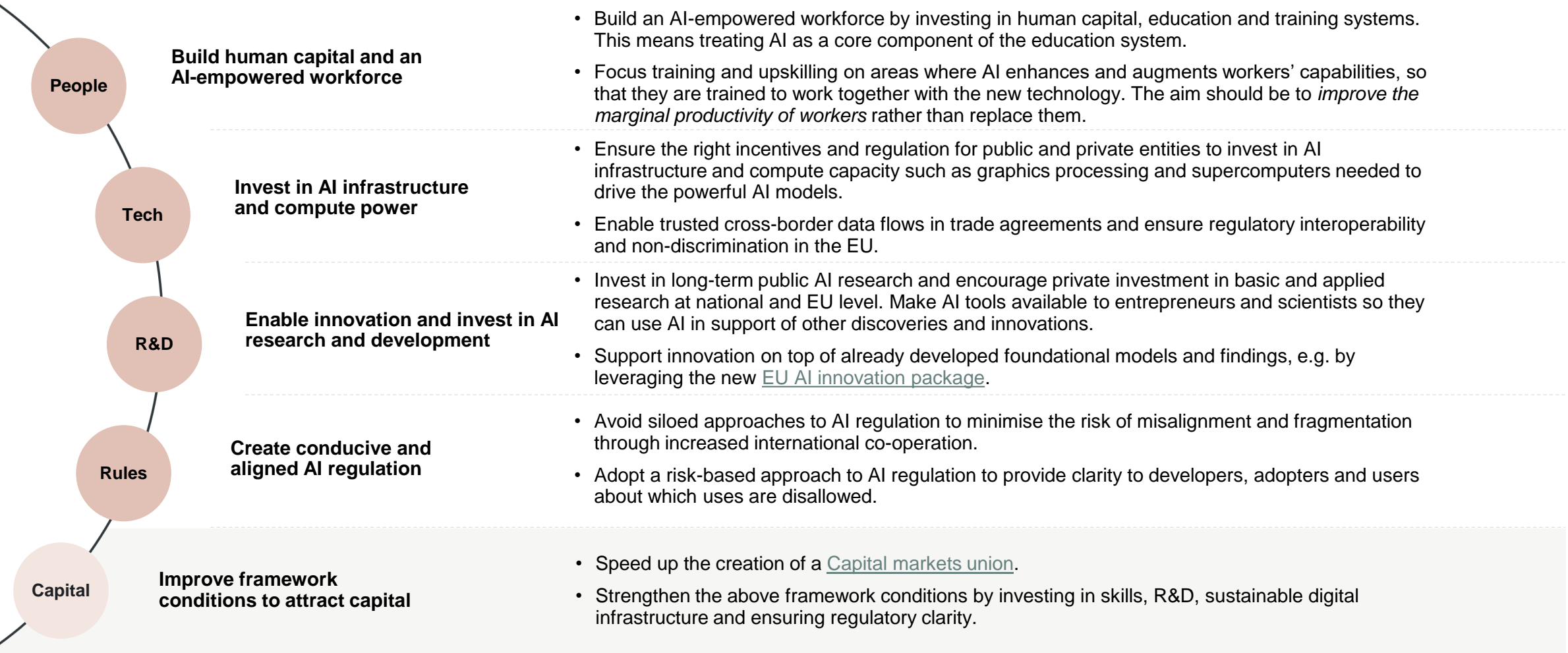


Europe AI venture capital investment
EUR billion



Unlocking the potential of innovative digital businesses with AI

The Belgian government can upgrade the existing framework conditions for innovative digital businesses to be fit for the AI-powered future:



Disclaimer

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