



Spain: A European Digital Hub

Presentation on the Spanish digital and tech ecosystem

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Spain is one of the main countries leading the EU's digital transition. For this reason, at Adigital - the Spanish association for the digital economy - we work to create an optimal environment for the development and growth of an innovative economy in Spain and Europe. In particular, we want to do so by leaving a humanist imprint that puts technology at the service of social welfare and promotes a more open, democratic, and sustainable society, through a digitalisation that places ethics as one of its basic regulatory foundations. In this paper we will outline why Spain is a leader in the ongoing digital transition as well as recommendations for Spain's role in making the EU fit for the digital age.

The digital transition: Spain as a digital hub

The time for digitalisation is now

Digitalisation is an exponential growth factor that generates business competitiveness and opportunities for citizens. In Spain, for example, the digital economy has a significant impact on the GDP: it accounted for 22,6% in 2022¹ and, with a joint effort, it will reach 40% in 2030. Furthermore, between 2020 and 2022, digitalisation in Spain had a cumulative growth of 19%, from accounting for 117 billion to 140 billion euros. Finally, Spain, as one of the leading economies in the European Union and due to its role globally, is moving in the right direction to become a strategic European digital hub promoting information and communications technologies.

Spain has strengths and characteristics which make it fit to lead the European digital transition and accelerate the goals of the Digital Decade during its Presidency of the Council of the European Union. Among others:

- **Digital Economy and Society Index:** We are the **1st EU big economy** in the DESI² occupying the 7th overall position.
- **Connectivity and broadband:** We are the **third country in the European Union** in terms of connectivity and broadband, which positions us as an attractive destination to become a technological hub due to our digital infrastructure.
- **Innovative regulations: Spain is the first country to have approved pioneering regulatory advances in the EU such as an AI regulatory sandbox, the Digital Rights Chart and a startup law.** Such initiatives will accelerate technological innovation processes and their implementation in the productive and social environment. Promoting well balanced economic regulations shows how institutions have evolved in their view and understanding of technology.
- **Cybersecurity and biotech:** We are a **hub for two key fields of innovation**. The Spanish cybersecurity ecosystem is the four most advanced in the world and the Barcelona metropolitan area, also called the BioRegion, has more than 1,3000 companies and 91 research organisations which develop R+D in bioscience with data and digital technologies as key drivers.
- **Entrepreneurial environment:** The entrepreneurial ecosystem in Spain has increased fivefold since 2015. **There are more than 450 scaleups and 14 unicorns in our country**, with a multiplier effect that generates more than 540,000 jobs and new startups.
- **Spanish language in the digital world:** We have a unique defining cultural element within the European Union as **Spanish is the third most used language on the Internet, with 500 million native users**. Spain is a key player in promoting and strengthening ties with Latin America, through the 'EU-Latin America Digital Alliance', whose priorities include the creation of a start-up incubator to connect new Latin American companies with European expertise.
- **Geographical positions:** Our territory, due to its geographical position, is a **digital connection point between continents, from America to Africa**. This puts us at the forefront when it comes to digital innovation, as the data economy is developed in places with high connectivity and low latency; Spain is one of them.

The digital transition: from Spain to the EU

For these reasons, **the time for the digital transition is now, both in Spain and in the EU.**

Spain has come a long way towards becoming a benchmark in terms of human and sustainable digitalisation where technologies are assumed in a fast way by citizens and business. **Spain as a tech and digital hub represents more employment, more industry, more competitiveness, more talent, more inclusion and more prosperity for the country and Europe.**

The Spanish Presidency of the Council of the European Union will be at the center of decisions on key elements of the European Digital Decade. **Spain can and should lead, in its own right, the political, social and economic debates related to digitization at the EU level.** For this, we must be able to:

- 1 You can download our report about "the digital economy in Spain" [here](#).
- 2 See [here](#) the information about Spain in the Digital Economy and Society Index.

1. Accelerate and encourage the development and adoption of new information and communication technologies.

The new stage of digitalisation is transversal and multilevel. A sectorial conception in the development and use of digital technologies by public and private organisations has been overcome thanks to the applicability of AI, distributed cloud infrastructures, 5G (the future 6G), blockchain trust architectures or digital systems for energy management. **Leadership in its evolution will determine the open strategic autonomy of Spain and the European Union**, weighed down in the early stages of its development. We must stimulate start-ups, scale-ups and large companies to invest and grow in these technologies; encouraging, in turn, that innovative companies and investors from other countries consider Spain and Europe as a strategic territory to promote their innovations and technologies in a real digital single market. In addition, fostering these digital technologies impacts one of our business strengths, the sphere of digital services which must be an essential axis of action.

2. Boost a hub for technology professionals in Spain and Europe by adapting labour relations models and social benefits to new labour market trends.³

The characteristics of our country are pillars for the development and attraction of talent, and **talent is a fundamental element** for these strengths to continue to grow. In other words, Spain is a fantastic container and there is still work to generate the desired content: increasing women leadership in tech and attracting talented people. We therefore need to prioritise the communication channels between companies and public administrations in terms of skills. This would be crucial on one hand to improve the processes of recruitment, retention and attraction of tech professionals, and on the other hand to anticipate, with prospective methods, our society's talent needs. Furthermore, such channels would also be essential to improve both the connection between labour needs of organisations and the policies for vocational training. All these actions must be approached in coordination with Europe, knowing that the objectives are shared and that certain actions must be promoted at the European level so that they have the appropriate scale.

3. Promote self- and co-regulatory instruments and reinforce the application of the principles of better regulation and ex-post evaluation systems, through a public-private digital enforcement office⁴.

The challenge of the next decade **will be to digitally prepare the economy and society as a whole and protect human rights through the framework of digital ethics**. The new information and communication technologies described above require **new paradigms, especially when it comes to prescriptive regulation**.

Collaboration between the public and the private sector should always be prioritised before regulatory solutions that might hinder the development and deployment of technological innovations. **Self-regulation and co-regulation mechanisms** can create a suitable environment for the growth of companies and the advancement of innovation; a condition that is of particular value when more than 95% of the country's productive fabric is made up of SMEs. The uncertainty caused by a fragmented digital legislative "tsunami" and the necessary adaptation of regulatory

3 You can download our report on employability, talent and training in high-growth Spanish tech companies [here](#).

4 You can download our report on the state of the art in AI self-regulatory systems and data economics [here](#).

frameworks, due to the dizzying pace of new technologies, makes it necessary to rethink solutions. Added to all this complexity, there is insufficient progress in a real and effective European digital single market.

For these reasons **we propose the creation of a digital enforcement office led by public agencies and private entities**, with the aim of studying previous co-governance solutions and alternatives to regulation to ensure the protection of citizens and their rights. This approach also includes the design of regulatory sandboxes -as research spaces- not only set up for companies to test compliance but also for a better definition of the role and needs by public organisations. This mission needs to be reinforced with the Better Regulation Guidelines and ex-post evaluations systems. For instance, Adigital has promoted the certificate of algorithmic transparency for companies and a mechanism for public-private collaboration and out-of-court dispute resolution for the implementation of the Digital Services Regulation.

4. Measure the real impact of digitalisation in Spain and Europe, promoting the creation of a Digital Economy Satellite Account both at national level and for the EU as a whole.⁵

The impact of the digital transformation requires generating the necessary indicators to be able to measure all its dimensions and adequately capture its impact on economic activity. To achieve this goal, it would be necessary to implement methodological modifications and expand the resources of European national statistical offices. Ideally, **Spain should lead the creation of Digital Economy Satellite Accounts and promote it before the European Union.**

The time is now

Therefore, Spain can be a strategic ally to lead and inspire for all these goals in Europe. The time is now and these are our reasons:

- Because there is a **global consensus on the level of quality of life in Europe, but also that we have important strengths and characteristics to advance in our global competitive position** thanks to the incorporation of new disruptive technologies to production processes.
- Because **we have cities that are a reference in innovation and entrepreneurship** such as Malaga, Bilbao, Barcelona, Madrid and Valencia.
- Because we are the southern European country with **the largest number of scale-ups and unicorns.**
- Because we have **the policy and infrastructural resources** to become a global success story.

About Adigital. *We are the most influential organization of the digital economy in Spain⁶. An action-tank supported by business intelligence and unique digital technologies, with a singular representativeness (we are more than 500 members from different industries). We develop standards and compliance codes to build trust for the digital economy, as well as alliances for a more sustainable, humane and competitive economy. We are also the home of EsTech, the first scale-up organisation in Spain.*

5 You can download our report to promote the development of a satellite account of the digital economy [here](#).

6 Field study on the state of lobbying activity in Spain conducted by the Complutense University of Madrid (2022).