



The App market is highly global. Through a few platforms, app developers anywhere can reach more than 2 billion smartphone users. This presents an ample opportunity for all European economies to reap the benefits of the App Economy and digital transformation as a future engine for growth.

Today, the App Economy supports over 145,000 high-value-added jobs in the Nordic countries. With the right conducive policies, the number of supported jobs has the potential to grow by up to 140,000 potentially reaching 285,000 jobs by 2021. This can be seen in our '[Jobs in Apps](#)' study published in June 2017.

The amount of app jobs give the Nordic countries a front runner position in the global App Economy. This position stems from the Nordic countries being digital front-runners in the EU for a long period. However, apps entrepreneurship and the related business impact is not a prerogative of Nordic countries alone. With the policies conducive to a healthy mobile ecosystem and supporting digital transformation, other EU-countries can follow suit.

As such, the App Economy presents a potential engine of growth for all European economies.

The App Economy is a global market

In the App Economy even small countries can capture a disproportionately large share of the market. This can happen as the industry is highly global and the main production factor is human capital. As such, a small start-up with a great idea and talented individuals can compete with much larger incumbents.

However, the app developers in the Nordic countries are experiencing a shortage of developers. Not only in their home countries, but in all of Europe.

As is the case for apps, the labour market for individuals skilled in app development is global. This means that if the app companies cannot find the developers they need within the EU, they will off-shore jobs to other regions of the world with a more ample supply. We have seen fast-growing Nordic app businesses that had to open up a second office location, not in the Nordics, not in the EU but in India.

The digitisation of society will take place with or without the involvement of the European actors. The question is whether we will be able to reap the benefits of the high-value-added jobs created by the App Economy and the digital transformation.

A key finding in the Jobs in Apps study is that being a skilled developer is not necessarily tantamount to having a long education within computer science. Some of

the most talented developers do indeed have a long educational background, while others are self-taught and have been coding as a hobby since childhood.

This means that new innovative ways of providing individuals with the right skills might be one way to address the shortage of developers on the labour market better enabling the European countries to take part in the digital growth adventure.

Growth opportunity

For European App Economy companies to thrive and succeed in the global competition, it is imperative to support an environment which is conducive to entrepreneurs and start-ups. This includes providing a stable regulatory framework that allows the app business to grow. It is important to maintain continuous focus on this area and not enact counterproductive policies.

Furthermore, the study shows that obtaining sufficient risk capital can be a challenge for the new app companies. In many cases they have to look to the US to obtain an adequate amount of investment.

At the same time, app companies move many key management functions to the US, when they need to accelerate and scale their business. They do so, as currently individuals with the experience and skills needed to fill these positions are hard to find in Europe.

As such these two areas, providing more risk capital and more professionals with app company management skills, present possibilities for even further growth of the App Economy in the European countries. If EU institutions and all Member States would like to empower European entrepreneurs to scale-up fast and win the global race for app exports, then these are two focal areas that we recommend for the promotion of this European industry.

The Jobs in Apps study has identified a set of clear action that must be taken, for Nordic economies to maximise the benefit from the rise of the App Economy.

In the case of the Nordic countries, the difference in the number of potential supported jobs by 2021 between good conducive policy and political inaction is up to 115,000.

Equally, if the European economies are to benefit from the jobs and growth creation potential of app businesses, the policy areas related to skills, risk capital and the regulatory framework are – just as in the Nordics – key to enable Europe-wide successes in this area.

Furthermore, conducive policies facilitating and completing the digital transformation processes all across Europe remain an important backdrop to allow a business and social milieu that empowers local app business to identify new needs, new solutions and then turn their products into global successes, made in EU.

We welcome the input of the roundtable participants, in identifying what are the key open questions for Europe as a whole to empower European app developers and to deliver maximum benefit from the app entrepreneurship throughout Europe.

About Copenhagen Economics

Copenhagen Economics is one of the leading economics firms in Europe. Founded in 2000, the firm currently employs more than 75 staff operating from our offices in Brussels, Copenhagen and Stockholm.

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