



# DATA EVOLUTION IN THE CLOUD

## France Lagging in Digital Transformation

### DIGITAL TRANSFORMATION IS CRITICAL TO POST-COVID RECOVERY

The world economy is struggling to recover from the consequences of the COVID-19 pandemic, but many companies are mapping strategies that will enable them to emerge stronger and healthier. Even organizations that have lagged behind in digital transformation are realizing that making strategic use of data is imperative to ensure ongoing success.

“**Organizations that embrace digital solutions have greater resiliency in the face of adversity—and a leg up on the competition that will enable them to recover faster and pivot from playing defense to chasing growth.**”

—BDO, [COVID-19 is Accelerating the Rise of the Digital Economy](#)

The International Monetary Fund (IMF) estimates that France experienced a drop in output of around 9% for 2020 after the pandemic and resulting lockdown measures caused the deepest recession since World War II.<sup>1</sup> France is further hampered in its recovery by a pervasive regulatory mindset that prizes public protection of personal data which, although admirable from a consumer-protection standpoint, can pose challenges to both data collection and data insight. And overall, according to the European Investment Bank, the EU has been lagging behind in digital transformation,<sup>2</sup> especially when it comes to small and medium enterprises (SME)—and French business comprises 99.9% SMEs, as reported by the Organization for Economic Cooperation and Development (OECD).<sup>3</sup>

The global state of data is the focus of a recent survey, conducted by The Economist Intelligence Unit and sponsored by Snowflake, of 914 global executives across eight industries and 13 countries, including France. How are organizations adapting their data strategies, engaging with the broader data ecosystem, and converting data insights into growth and performance? French executives in the survey acknowledge their numerous challenges, while looking ahead to future opportunities to improve their data capabilities.

## REGULATIONS ARE A PRIMARY CONCERN FOR FRENCH EXECUTIVES

The role the regulatory environment plays in French business is evident in the answers provided to many of the survey questions. Data regulation is a recurring theme for French organizations. Their view is borne out by the data: In an index of data-policy restrictiveness created by the European Centre for International Political Economy (ECIPE), France is the fourth most restrictive country—after Russia, China, and Turkey—“when it comes to the regulatory environment for moving and using data.”<sup>4</sup>

French survey respondents ranked data privacy regulations as the No. 1 or No. 2 challenge to their ability to collect data, their ability to source data from and share data with external parties, and their ability to draw insights from data. They also report lower incidence of data sharing in general—except for the purpose of meeting regulatory requirements (60% versus

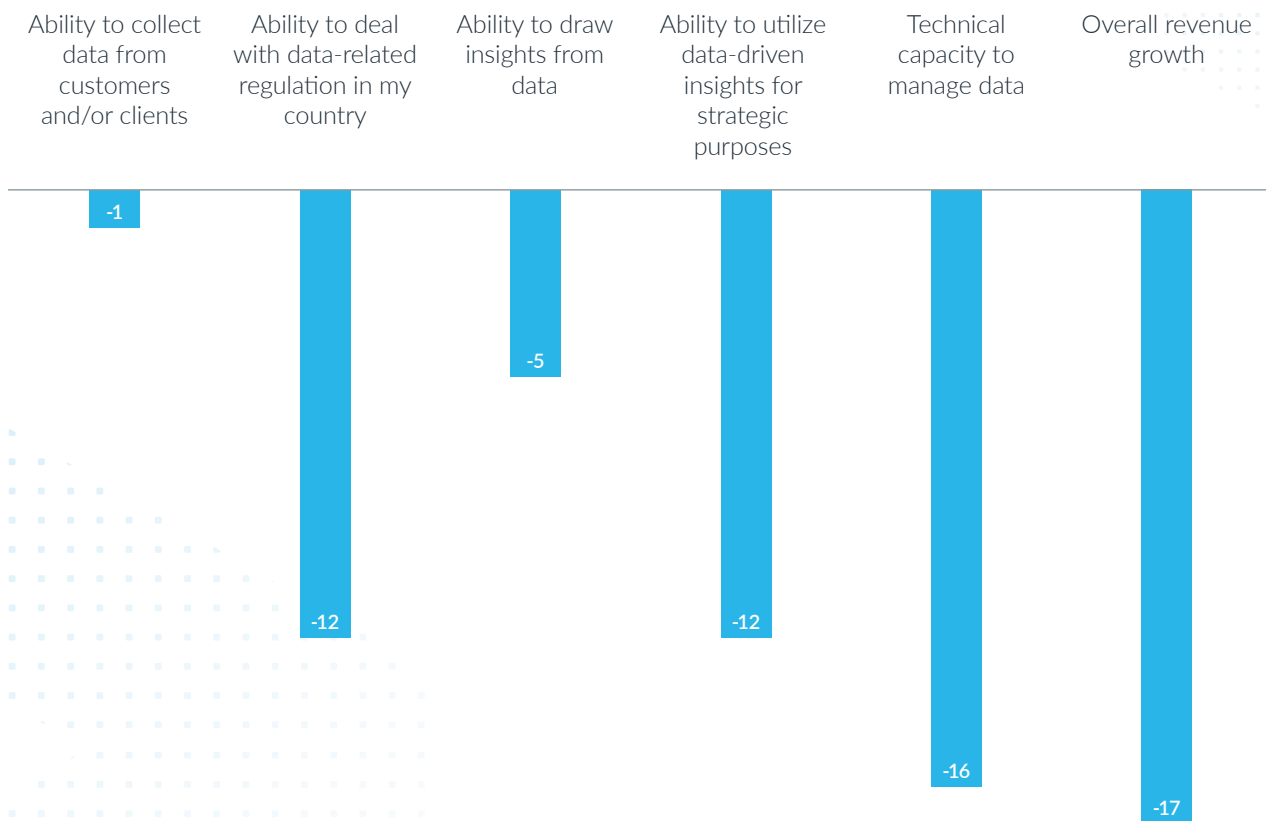
the survey average of 51%). Interestingly, although data regulations are an ongoing challenge for French businesses, French respondents seem to have less confidence about their organization’s ability to deal with those regulations when compared to industry peers, with only 60% rating themselves as stronger than peers (compared to the survey average of 72%).

## DATA UTILIZATION IS A CHALLENGE

In other areas of data utilization, survey results point to France falling behind in key competitive areas. For example, as shown in Figure 1, French respondents view themselves as weaker in their technical capacity to manage data (with 55% reporting themselves as stronger than peers compared to the global average of 71%), ability to use data-driven insights for strategic purposes (63% versus 75%), and ability to draw insights from data (68% versus 73%).

**FIGURE 1: How would you rate your organization’s performance in the following areas, as compared with your industry peers?**

(% stating much or somewhat stronger; France deviation from the global survey average)



## AI AND MACHINE LEARNING (ML) ARE FUTURE PRIORITIES

Although their organizations may currently be less competitive in their abilities to realize data-driven insights, French survey respondents report that their top priority to enhance data capabilities over the next three years was to invest in AI/ML tools. This is a wise future focus, as AI offers the promise of analyzing vast data sets quickly and efficiently to produce valuable insights.

They have some catching up to do. French respondents report a much lower use of AI and ML for all use cases. They are 14% less likely than the global survey average to use AI/ML to draw insights from data, 9% less likely to use it for marketing and selling to prospects or customers, 11% less likely to use it to manage risks around their organization's data strategy, and 13% less likely than the global survey average to use AI/ML for developing products and services.

## THE FUTURE WILL FOCUS ON DIGITAL TRANSFORMATION

According to the IMF, "France's [post-COVID] recovery plan, reinforced by the Next Generation EU Recovery Fund, rightly focuses on the digital and green transformation of the economy, upgrading skills, and improving competitiveness."<sup>5</sup> French survey respondents agree. Their top two priorities for success over the next three years are data and analytics (40% versus survey average of 34%) and digital transformation. Combined with their expected budget increases over the next three years for data storage and data analysis (as shown in the survey), France's post-COVID recovery may well hinge on its successful use of digital transformation and data analysis.

<sup>1</sup> [Five Charts on France's Policy Priorities to Navigate the COVID-19 Crisis](#)

<sup>2</sup> [Who is prepared for the new digital age?](#)

<sup>3</sup> [Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard](#)

<sup>4</sup> [The Cost of Data Protectionism](#)

<sup>5</sup> [Five Charts on France's Policy Priorities to Navigate the COVID-19 Crisis](#)