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Eco-digital economy expected to double in the next five years to almost $33 trillion

Nearly eight in ten organizations say they are experiencing a dual transition towards a more digital and sustainable world, yet they have only harnessed around 25% of the overarching potential of mainstream tech

Paris, January 24, 2024 – The untapped potential of digital technologies is vast, and the eco-digital economy[1], driven by digital and sustainability, is expected to double by 2028. That's according to the Capgemini Research Institute's latest report, _'The Eco-Digital Era™: The dual transition to a sustainable and digital economy'_ developed in collaboration with the Digital Value Lab at the Digital Data and Design Institute at Harvard. Implementing digital technologies has enabled organizations to reduce their energy consumption by almost a quarter and delivered a 21% reduction in greenhouse gas (GHG) emissions in the past five years, cites the report. In this new era of a dual transition to an eco-digital economy that delivers not only economic value, but also environmental and social value, the scaling up of digital adoption will propel economic growth with sustainability at its core.

More collaborative and platform-driven than ever before, this eco-digital era™ is giving rise to new business models and revenue streams, as well as enhanced cost efficiencies, all driven by data utilization, cloud technology, collaborative ecosystems, and connected products and services. According to the report, seven in 10 organizations agree that digitally driven business models will become a key contributor of revenue growth in the next three to five years. Furthermore, 60% expect digitally driven business models to generate more revenue than their traditional business models.

"In the eco-digital era, there is greater exploration of digital technologies' value to business – for instance by the scaling of data and cloud, and by having digital technologies play a crucial role in achieving sustainability goals. There is also a fast evolution of emerging tech such as generative AI and synthetic biology, and greater collaboration giving rise to digital ecosystems," comments Dr. Suraj Srinivasan, Philip J. Stomberg, Professor of Business Administration at Harvard Business School and Head of the Digital Value Lab at the Digital Data and Design Institute at Harvard. *"This shift is truly fundamental, cross-sectoral and global in nature. One of the biggest questions that organizations have to address and manage, as they scale, is knowing what to centralize and what to decentralize in terms of platform architecture, and most importantly, data governance."*

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[1] The eco-digital economy refers to a dual transition to an economy that delivers not only economic value, but also environmental and social value. In the eco-digital era™, there is greater exploration of digital technologies' value to business (digital technologies playing a crucial role in achieving sustainable goals), as well as the fast evolution of emerging tech such as generative AI and synthetic biology, and greater collaboration giving rise to digital ecosystems.

Mainstream technologies at scale set to deliver most value
Investment in digital transformation – from scaling-up mainstream technologies and implementing cybersecurity measures, to reskilling the workforce and automating business processes - is expected to result in the most significant returns over the next five years, from 4% at present to 14% in 2028.

According to the report, around half of organizations (48%) are either at the planning stage or actively developing strategies to harness the potential of emerging technologies such as edge computing and the much-hyped generative AI. However, it is the mainstream technologies such as data and analytics and cloud at scale that organizations believe will deliver the most powerful business benefits over the next five years.

"*The eco-digital economy is unlike anything that has come before it, and society has harnessed only a fraction of the overarching potential that mainstream technologies such as cloud, AI, and automation hold,*" said Fernando Alvarez, Chief Strategy and Development Officer at Capgemini and Group Executive Board member. "*Organizations will need to leverage focused efficiencies in their core business, enabled by digital, in order to free up investment to support their dual transition. We are at the dawn of a new transformative era and we have only scratched the surface of how digital technologies can help expedite the delivery of substantial economic, environmental, and societal benefits.*"

Implementing digital technologies has enabled organizations to reduce their energy consumption by almost a quarter
In the past five years alone, implementing digital technologies has enabled organizations to reduce their energy consumption by almost a quarter (24%) and delivered a 21% reduction in GHG emissions. The report estimates that the reduction of global GHG emissions through the use of digital technologies by 2028 will outweigh the expected increase of emissions attributed to digital.

Almost 40% of the total workforce due to be dedicated to digital initiatives in the next 3-5 years
The global workforce will require significant transformation to keep pace with technological advancements at scale across industries. With 64% of organizations investing in reskilling their existing workforces, there is a need for flexible frameworks that allow for rapid evolution.

Methodology
The Capgemini Research Institute surveyed 1,500 senior executives (director level and above) from 1,350 large organizations with annual revenue of over USD 1 billion each (or annual budget of over USD 50 million each for public sector entities) and 150 startups valued at over USD 1 billion each, all of which are actively pursuing multiple digital initiatives and/or have a comprehensive digital strategy in place. The Institute also conducted in-depth interviews with 26 senior industry executives and experts. The organizations came from a range of sectors, including automotive, consumer products, retail, life sciences, banking and wealth management, property and casualty insurance, telecom, energy and utilities, aerospace and defense, technology, industrial manufacturing, and public services. They are based in 14 countries across North America, Europe, and APAC.

About Capgemini
Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of nearly 350,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2022 global revenues of €22 billion.

About the Capgemini Research Institute
The Capgemini Research Institute is Capgemini's in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom and the United States. It was recently ranked #1 in the world for the quality of its research by independent analysts.
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