Moving Europe from Innovation PUSH to Innovation PULL

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Things are speeding up in Europe. The Draghi report has pushed long-standing concerns about competitiveness and productivity back into the centre of the conversation, and a wave of new initiatives are now being rolled out to strengthen European innovation and technological sovereignty.

Yet when you look closely, most of these efforts still rest on the same basic assumption: if we fund more innovation, things will eventually work themselves out.

More deep tech research. More money to help startups survive longer. More coordination, more clustering, more instruments that are expanded, refined, renamed. Scale-up support is added, adjusted, relaunched.

I am not going to say *"this sounds just like 2008 when the EIT was created"*, but the resemblance is difficult to ignore. Pool resources. Build structures. Create highways to push more ideas out of labs and into companies.

This reflex appears every time Europe worries about competitiveness or sovereignty: produce more startups, generate more innovation, push more technology into the market.

And yet, after years of watching ideas move from research to venture-backed companies, the outcome remains largely unchanged. Europe continues to generate a steady flow of startups and a respectable number of deep tech ventures, while still struggling to produce companies that scale into global leaders.

> *From where I sit, this is not primarily a problem of innovation supply. Europe does not lack ideas, talent, or technical capability. What it lacks is intentional **demand**. **We are good at Innovation PUSH. We are weak at Innovation PULL.***

We are very effective at helping companies start. We are far less effective at helping them get their first serious customers.

Which leads to an uncomfortable question. What if the real bottleneck is not how much innovation we fund, but how little of it we are willing to buy? Look at the most basic layers of the digital economy. Email. Cloud infrastructure. Workplace software. AI services.

Across Europe, the defaults are largely the same. Microsoft for email and collaboration. AWS for cloud infrastructure. ChatGPT and other US-based models for AI.

> *This is not because European alternatives do not exist. It is because choosing the American option is the safe choice. Procurement officers are not rewarded for experimentation. CIOs are not promoted for taking platform risk. The system nudges everyone toward incumbents with global scale, long track records, and minimal personal downside*.

> *A functioning free market does not mean an unsupported market. The United States and China both understand this well. Neither bans foreign suppliers outright. Instead, they systematically reduce the risk of choosing domestic ones — through procurement preferences, subsidies, early demand guarantees, and long-term public contracts.*

Domestic companies get the chance to mature at home before being exposed to full global competition. Europe could do the same.

Imagine a European demand programme focused specifically on foundational digital infrastructure: email, cloud services, workplace tools, and AI. Not a ban on Microsoft, AWS, or ChatGPT — but a set of incentives that make European alternatives a rational choice rather than a career risk.

Subsidized switching costs. Shared integration and compliance frameworks. Deployment support tied to real usage rather than pilots. Public reference customers willing to be named. Risk shared across multiple buyers.

No EU regulatory directives or bans. Just a market where European providers are supported by strong buyers. If anything could force European innovation to mature quickly, that would.

Cloud providers would have to scale. Email and workplace tools would have to prove reliability at organisational scale. AI companies would have to speed up significantly to catch up or even better, choose better ways of delivering AI capabilities than simply scaling large language models even bigger. That kind of commercial pressure is what forces companies to grow up.

> *Europe already has an enormous built-in market. Public and semi-public organisations spend vastly more through procurement than through innovation funding, yet procurement is still largely treated as a compliance exercise rather than a strategic lever.*

To be fair, Europe is starting to recognise this. There are initiatives aimed at coordinating large buyers, lowering the legal and operational barriers to buying innovative solutions, and helping public organisations take calculated risks together rather than alone. There is also a visible shift from pure research funding toward deployment — funding to roll out

AI, cloud, cybersecurity, and digital infrastructure at scale. All of this points in the right direction. But we need to speed up and scale up.

Take **Berget AI**, a Swedish company building European AI compute infrastructure with a focus on transparency, compliance, and sovereignty. This is exactly the kind of actor Europe claims it wants: not another application layer, but foundational infrastructure.

And yet, companies like this still face the same structural problem. The technology exist. The competence exists. The intent exists. What is missing is large-scale, low-friction demand from European buyers willing to move beyond pilots.

Without that demand, even strategically aligned companies are forced to stay small, sell early, or look elsewhere — not because the market rejected them, but because the market never truly showed up. The contrast with the United States and China is telling.

> *In the US, early demand from government agencies and large institutional buyers has played a decisive role in scaling cloud infrastructure, semiconductors and AI. In China, coordinated procurement and industrial policy ensure that domestic providers achieve scale before facing full international competition.*

In both cases, procurement, capital markets, and scale are part of the same system, and in Europe, they are still discussed as separate topics.

Procurement is what creates revenue, reference customers, and credibility and capital markets are what allow that traction to turn into scale. Europe currently struggles with both at the system level.

Companies still scale and exit largely within national boundaries. Capital markets and liquidity remain fragmented. As a result, the most ambitious founders inevitably look to the US, not because they want to leave Europe, but because Europe does not yet offer a coherent path from first customer to global scale.

What Europe needs is not more protectionism, but a connected pathway.

Demand-side support that makes European solutions competitive early, programs that support buying and procurement that creates real, cross-border customers. And a genuinely pan-European stock exchange that allows companies with European traction to scale and exit without leaving the continent.

> *Without demand, early-stage capital is only life support for a dying patient. Without capital and big European exits, demand will not scale.*

Until those pieces are connected, Europe will continue to fund innovation locally and become a supplier of technology that is acquired by other big players in the world.

Innovation scales when someone buys. So let's focus on creating more buyers.