

Enabling Digitalization Index 2018: Measuring digitagility

- Euler Hermes' Enabling Digitalization Index (EDI) measures the ability of 115 countries to provide the environment for businesses to thrive in the digitalization era.
- US, Germany and the Netherlands make the top 3 of the 2018 EDI ranking.
- The Netherlands replaced Switzerland on the podium this year. Noteworthy improvement in Asia include: Thailand moved up 5 ranks to 45th, India and Indonesia edged up 4 ranks to 44th and 60th respectively.
- Develop digital regulation, build human capital, use pivot sectors and territories, bank on smart logistics, and reduce digital inequalities are five successful strategies to top EDI ranking.

PARIS – 15th MARCH – Euler Hermes presents its Enabling Digitalization Index (EDI) 2018, which illustrates each country's ability to provide the necessary environment for business to succeed in an increasingly digitalized global economy.

The US on top of the digitagile world

The United States take the lead by far with a score of 87 out of 100. The country benefits from a large market, a strong knowledge ecosystem and a favorable business environment, three major areas when looking at conditions necessary for digital transformation.

Western Europe: Reaping the benefits of the single market?

"The surprise comes for Germany, ranking second best with a global score of 75.3 and leading the way in Europe. While outcomes of digitalization are less visible there than in the US (less strong global market players), Germany, as well as the Netherlands, both exhibit robust fundamentals with especially solid logistics infrastructure, connectivity and knowledge ecosystem." said **Georges Dib, an economist with Euler Hermes and co-author of the report.**

Western Europe stands out when it comes to providing the right environment for businesses to thrive in the digitalization era, with 16 countries ranked in the top 30. Four countries even made it to the top 5: Germany, Netherlands, Switzerland and the United Kingdom. The region seems to have benefitted from the European Union construction: aligned business practices, improved logistic infrastructure and a stronger knowledge ecosystem.

Euler Hermes' report also puts forward interesting patterns within the region with Nordic countries enjoying a strong knowledge environment, small trade and financial hubs benefiting from logistics infrastructures and business environment, versus the largest European countries enjoying a significant market size.

Asia Pacific: Champions and rising stars

The Asia Pacific region also comes out as a region supporting digitalization: Out of the 30 top markets, 8 are from Asia-Pacific: Japan (7th), Singapore (8th), Hong Kong (9th), South Korea (10th) and China (17th) lead the pack, followed by Australia, New Zealand and Malaysia.

"Strong improvements in Thailand, India and Indonesia are to be noticed since last year. These are our three rising stars in the region. As a demographic giant, China largely benefits from its market size but ranks poorly when it comes to connectivity quality" added **Mahamoud Islam, Senior Economist for Asia-Pacific at Euler Hermes and lead author of the report.**

Latin America, Middle East and Africa: Lagging behind despite emerging bright spots

In Latin America, weak connectivity, logistics infrastructure and innovation scores are the main shortcomings. The first two Latin American countries in the ranking are Chile (43rd) and Mexico (52nd) stand out, thanks to their relatively favorable business environment (and large market size for Mexico).

In the Middle East, the United Arab Emirates (UAE) is the best performer (24th), with an impressive infrastructure score due to its position as a trade hub, while, by contrast, Saudi Arabia ranks 50th and Egypt 80th.

In Africa, South Africa (46th) leads the pack. The second African country of the ranking is Kenya (70th), which owes its score to its infrastructure performance. Nigeria ranks 100th out of 115 countries, despite a substantial market size score.

“Developing digital regulation, building human capital, using pivot sectors and territories, banking on smart logistics, and reducing digital inequalities are five successful strategies to top EDI ranking”, said Ludovic Subran, Chief economist at Euler Hermes.

Methodology:

The EDI measured the conditions for companies to transform and thrive digitally. The score is made of 5 components and 10 indicators:

- Regulation: we use the Distance To Frontier indicator from the World Bank Doing Business. The indicator is a proxy of regulation aspects which matter for digitagility (ease of getting credit, minority investor’s protection).
- Knowledge: we use the Higher education and training score (secondary and tertiary enrollment rates, quality of the education system and the extent of employees training) and the Innovation score (R&D by corporates, collaboration between Universities and the private sector, Intellectual property laws) developed by the World Economic Forum.
- Connectivity: we use four indicators: internet user’s ratio (the number of people using internet in % of population), mobile phone and fixed phones lines subscriptions per 100 people, and the number of secure servers per 100 people.
- Infrastructure: we use the Logistic Performance Index (World Bank Doing Business) as a proxy of soft and hard logistic infrastructure.
- Size: We use the number internet users, and their income (captured by nominal GDP).

Euler Hermes ranks 115 markets around the world based on their overall index. The index is obtained by averaging the five sub component score. Each score is a simple average of the normalized raw indicator (rescaled to a 0-100 points range).

Find out more about the Euler Hermes Enabling Digitalization Index on [Euler Hermes’ website](#).

Euler Hermes Group

Jean-Baptiste Mounier +33 (0)1 84 11 51 14
jean-baptiste.mounier@eulerhermes.com

Footprint Consultants

Cécile Jacquet +33 (0)1 80 48 14 80
cjacquet@footprintconsultants.fr
Quentin Giudicelli +33 (0)1 80 48 14 80
qgiudicelli@footprintconsultants.fr

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in 52 countries with 6,050 employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA by Standard & Poor’s. The company posted a consolidated turnover of €2.6 billion in 2017 and insured global business transactions for €894 billion in exposure at the end of 2017.

Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

Cautionary note regarding forward-looking statements: The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements. Such deviations may arise due to, without limitation, (i) changes of the

general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.