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**GOVTECH IN BRUSSELS**

**WHAT IS GOVTECH?**

GovTech refers to the emerging trends practiced by thousands of dynamic companies using new technology and innovative business models to improve societies, and the governments that run them. GovTech companies can be active in any sector in which governments procure public services.

As a result, GovTech encompasses many sectors, from health and transport, to defence and smart cities. GovTech companies are united by a mission to improve the life of citizens and the emerging digital societies they live in. For this reason, GovTech can be thought of as a ‘thread’ bringing together a number of different sub-sectors for which any public authority might be responsible. These sub-sectors vary depending on the remit of the specific authority. In general, they might include:

● Education

● Health and Social Care

● Transport and Mobility

● Justice, Policing and Public Safety

● Water Management

● Inclusion and Adult Skills

● Smart Cities and Housing

● Energy and Climate

● Defence

● Back-office and Administration

● Agriculture, Nature and Food

Based on this sector breakdown, we can take the following definition of GovTech:

***GovTech is the application of new technologies and business models – primarily driven by partnerships with start-ups and scale-ups - to improve the design and delivery of every area of government and public services.***

There are **four key ‘features’ of GovTech**, which we will refer to throughout this report:

1. GovTech usually refers to public-private partnerships, with governments working with the technology sector to deliver goods and services. As such, public procurement and contracting is a central dimension of GovTech.

2. GovTech has the same focus on usability, user experience and design as modern platforms, apps and systems in consumer sectors. Just like modern streaming services, delivery apps, or marketplaces, GovTech services feel ‘modern’ and carefully designed.

3. GovTech usually refers to innovative and emerging technologies, such as artificial intelligence (AI), blockchain, computer vision, internet of things (IoT) and sensors: with the majority of GovTech companies having a software platform as part of their service offering. GovTech also has a defined set of operating and business models, as well as technologies supporting them. This includes Lean, Agile and iterative development as common methodologies and frameworks, as well as SaaS and license-based business models.

4. GovTech is largely driven by partnerships with start-ups and scale-ups, including through ‘ecosystem’ approaches with corporates and academia. This reflects a broader trend in how technology innovation is being driven in private consumer and enterprise sectors. Just as start-ups and scale-ups (and investors) have driven innovation and investment in sectors such as FinTech, entertainment and e-commerce, they will be at the centre of the next generation of public services.

**WHY DOES IT MATTER?**

Analysis shows that the **GovTech market is valued at €105bn in Europe** in 2021. With a projected annual growth rate of 20%, the potential is indisputable, and the time is now for forward-thinking governments to grasp the opportunity and place themselves in the vanguard of this pioneering new movement.

GovTech solutions use new technology and new business models to create better, faster, cheaper, more efficient and more user friendly public services, for the benefit of citizens and public service providers alike. Yet, investing in GovTech not only helps improve the efficiency of government services; it can also be a major export opportunity for nations, as governments the world over look to adapt their services to an innovation-first world, and an increasingly digital first citizen base.

**BRUSSELS’ GOVTECH OPPORTUNITY**

Sitting at the intersection of international, national, regional and municipal governments, Brussels is uniquely positioned to establish itself as a hub for GovTech start-ups, based not just in Belgium, but also from abroad. Brussels is the ideal location from which to access a market of 500 million European consumers. **In fact, no less than 75% of all purchasing power in Europe is located within 500 kilometres of Brussels**. To add to this picture, Brussels is also the second largest diplomatic city in the world in terms of embassies. With a unique number of landing points for start-ups focused on the public sector, Brussels has an unparalleled opportunity to establish itself as a leading GovTech powerhouse internationally.

Finally, led by Minister Bernard Clerfayt, Brussels has political leadership demanding a strong focus on digital transformation and improved process efficiency. As we show throughout this report, the growth of GovTech is highly mutually supportive of this agenda: and many of the recent policy priorities targeted by this government will help to stimulate the growth of the GovTech sector.