www.amcham.hr

Američka gospodarska komora u Hrvatskoj | American Chamber of Commerce in Croatia

Zagreb, November 2024

Data Economy and Data Monetization in Croatia

Contents

Introduction

Digital technology and its rapid development are driving the exponential growth of data worldwide. Data is recognized as a valuable economic resource, essential for innovation, growth and societal progress in general.

Data economy is the ecosystem of production, analysis, distribution and consumption of digital data to generate value from the accumulated information. In a data economy, data is conceptualized as a tradeable asset that can be shared across intercompany ecosystems to generate economic benefits. It thrives on seamless data exchange across organizations and sectors.

Data monetization refers to using data to obtain quantifiable economic benefit data by transforming it into actionable insights, products, or services.

Data can be monetized internally (improving internal processes) and externally (creating data products and services and selling them to third parties), directly (selling raw and processed data to third parties), and indirectly (using data to enhance products or services).

The Government has a unique role in data economy and monetization as a provider, user, and policy maker.

AmCham supports the development of a legislative framework which enables data monetization while laying down rules for data protection and obligations of data users, as it can contribute to further growth of the Croatian economy.

EU steps and views on Data monetization

At the global and European level, data economy is considered as one of the main strategic priorities. The European Union (EU) has been among the most active regions in the world in regulating the data economy.

The European Commission estimates that the EU's data economy alone will be worth €829 bn in 2025, accounting for around 6% of regional GDP and aim is to create a "single European data space" - a single market for data.

Set of directives, strategies and regulatory acts has been published to set direction for member states:

- **European Strategy for Data** - which aims at creating a single market for data that will ensure Europe's global competitiveness and data sovereignty and to make the EU a leader in a data-driven society. Creating a single market for data will allow it to flow freely within the EU and across sectors for the benefit of businesses, researchers and public administrations while keeping the companies and individuals who generate data in control.

- **European Data Act** - entered into force in 2024, is a key pillar of European Data Strategy which aims to boost the EU's data economy by unlocking industrial data, optimising its accessibility and use, and fostering a competitive and reliable European cloud market. The Data Act enables a fair distribution of the value of data by establishing clear and fair rules for accessing and using data within the European data economy.

- **European Data Governance Act** - applicable since September 2023, facilitates data sharing across sectors and EU countries, in order to leverage the potential of data for the benefit of EU citizens and businesses. It makes many sectors of the economy more efficient and sustainable and leads to more transparent governance and more efficient public services.

- **Adequacy decision for the EU-U.S. Data Privacy Framework**[1] - adopted in July 2023. The decision concludes that the United States ensures an adequate level of protection - comparable to that of the European Union - for personal data transferred from the EU to US companies under the new framework[2]. Based on the new adequacy decision, personal data can flow safely from the EU to US companies participating in the Framework, without having to put in place additional data protection safeguards.

EU member states are also considering data economy as a strategic priority and are developing their own data monetization agendas. For example, The National Data Strategy of Portugal[3] aims to ensure that Portugal is one of the pioneering countries participating in the European data ecosystem, thus enhancing its value, and creating new services and products both in Portugal and beyond its borders.

It's important that as a member state of the European Union, the Croatian Government closely monitors the development of policies and frameworks set by the European Commission regarding data as well as follows the approach of setting an ecosystem of digital data production, distribution, and consumption as one of the key strategic priorities.

Data economy in Croatia

As digital infrastructure is the foundation for the data economy, Croatia, like many other countries, is recognizing the significance of the data economy and made some investments to develop its digital infrastructure and policies.

Interoperability of public Administration system - State bus (GSB) is a good example. The Government Service Bus is a critical component of Croatia's digital infrastructure. The GSB acts as a central hub for data exchange and communication between various government agencies, departments, and public institutions and its primary purpose is to enable seamless interoperability by providing standardized interfaces and protocols for data sharing.

By establishing the GSB as a central hub for secure data exchange, a unified technical platform has been set up through which entities connect to the GSB via a single connection and subsequently retrieve data from various authentic sources (public registers), depending on the business process that the entity is obligated to carry out.

Current investments are not enough, and Croatia needs to make further steps to develop its digital infrastructure.

It's important to have access to data as well as to manage and utilize that data effectively, as it forms the foundation for developing ICT solutions. Data serves as the cornerstone for numerous new digital products and services. For instance, the increasing volume of data is generated by the use of internet of things (IoT) connected devices.

The digital transformation of the public administration, the interconnection and exchange of data in public registers maintained in digital form will lead to significant time savings that will directly lead to cost reductions, increased transparency and improved data quality and public service delivery.

Strategic goals for such further development in the area of data economy and data monetization are identified in the Digital Croatia Strategy Until 2032 (development of a central national framework for the interoperability of digital public administration, further development of e-services for entrepreneurship, thorough and rapid digitization of public administration services for entrepreneurs

[1] https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3721
[2] https://www.dataprivacyframework.gov/s/
[3] https://portugaldigital.gov.pt/en/accelerating-digital-transition-in-portugal/get-to-know-the-digital-transition-strategies/national-data-strategy/

and citizens, further digitization of public administration data, availability of advanced analytics and visualization of collected data through the platform which would serve as a repository of open data).

Overall, Croatia has the potential to become a strong player in the data economy.

Addressing the skills gap, increasing R&D investments, and fostering a robust data governance framework are key areas for improvement.

AmCham recommendations

Considering how accelerating responsible data exchange and usage can yield better outcomes, improve citizens' lives, and create additional economic value for businesses and the government through public administration, AmCham believes Croatia could become one of the leading EU economies.

On the top of the Digital Croatia Strategy Until 2032, proposals for Government are:

Setting up a National Data Strategy

Government projects related to infrastructure and data portals are ongoing and results have already been achieved. Digital Croatia Strategy Until 2032 provides strategic goals for further developments in the infrastructure area for data monetization.

This should be supported with a **National Data Strategy** as a framework for the vision, principles, practices and actions the Government will take on data to drive the data economy and support Croatia's digital transformation at the national level.

It should provide an enabling environment that makes data a major driver of innovations, productivity, digital services, job creation, global competitiveness and economic growth. It should also ensure that citizens, businesses and organizations trust the data ecosystem and get access to data when they need it.

National Data Strategy has to define the composition of the **national data governance structure** and **data governance model** for leadership and coordination to ensure responsibility and accountability for the successful implementation of the strategy and to enforce standards, policies, principles, practices, and processes for effective data management and use of data.

Having an implementation plan and annual action plan as its components, specific objectives, actions, ownership, responsibility for the execution, and structures and mechanisms for monitoring and assessing the progress will be identified.

- ***AmCham's proposal:***

  Adoption of a National Data Strategy that would define the vision, principles and actions Croatia will take to drive the development of data economy.

Data-driven outstanding public service

The Government and public service have to be transformed into **data monetization champions**, having data seamlessly integrated into government structures, operations, services, and decision-making. Data from citizens and businesses should be used for policy making and implementation, better service delivery, and social and economic development.

To provide data-driven and responsive Government programs, policies and services, data needs to be considered across the whole life cycles of all initiatives, from development, through delivery, to evaluation.

A mindset shift about data by bodies and institutions' workforce will be needed and promoted through governance structures. In addition, public service must continuously adapt to meet an increasing need for modern data skills, capacity, and tools through development programs and promotion and improvement of data careers in the public service. The public workforce has to be equipped with appropriate tools to support their effective data works.

This requires a strategic approach to use data throughout the public sector. Each public service entity must define its specific goals and path to become data-driven, prioritize data-driven investments and initiatives, and set up responsibility within the organization to improve the maturity level of data literacy and culture, execute data-driven initiatives and measure results achieved in the efficiency of services provided to the public.

- ***AmCham's proposal:***

  A mindset shift about data usage and governance in public administration to facilitate the development of quality data-driven Government programs, services and policies.

Creation of an environment for further development of the Data Economy

The Government is encouraged to create an environment for further development of the Data Economy. This can be in the form of tax reliefs or incentives for entities engaged in the research and development of data monetization use cases. In addition, financial support in the form of grants can be offered to entities for the implementation of data-driven solutions that has positive impact on the digital economy in Croatia and EU.

In addition, through the partnership with the private sector for joint development of data-related services or monetizing government data sets (through revenue-sharing marketplaces, data products, subscription services, etc..), the Government can directly impact the development of the digital economy in Croatia.

- ***AmCham's proposal:***

  Consideration of financial incentives like tax reliefs or grants for entities engaged in research or implementation of data-driven solutions.

Facilitation of innovative data use

The Government should facilitate data-driven innovations and R&D for innovative data use with a positive impact on the data economy or outstanding public service. This can be done through open calls or challenges (in cooperation with incubators, R&D and other institutions) where projects and use cases are developed in an incubator style, taking the highest positive impact for citizens and best scalability across the public sector as a key consideration. For such purposes, the Government should establish regulatory sandboxes that will allow experiments within defined boundaries.

Projects with the highest positive impact and best scalability have to be considered by governance bodies for annual action plans connected to the National Data Strategy.

In addition, the Government can contribute to the startup ecosystem through grants or another form of financial assistance for those developing ideas and solutions with a positive impact on the digital economy but also on economic growth and job creation.

- ***AmCham's proposal:***

  Organization of incubator style open calls or challenges for facilitation of data-driven innovations.

Development of data skills

There is a national need to educate all citizens, and government organizations on the importance of data and how to effectively use and manage data. **Data literacy** refers to knowledge for effectively

using and managing data, including ability to read, collect, validate, store, analyze, securely transmit, protect, and derive knowledge and intelligence from data.

Infusion of data literacy as a subject in all tiers of the educational system will ensure that data is recognized and treated as a useful resource for growth. It will also ensure higher level of readiness for data-related job opportunities in the market.

- ***AmCham's proposal:***

  Implementation of data literacy as a subject in all tiers of the educational system.

Further development of Interoperability

In recent years, certain numbers of state institutions were integrated into the Government Service Bus - GSB), either as data providers or as data consumers. Different projects were realized whose results are not yet shared but should be shared through the interoperability portal for all interested data consumers.

Further development of the interoperability portal is needed so service providers can interact seamlessly and according to common standards on how data is designed, stored, and linked together. The ultimate goal of interoperability should be the ability for any sector information systems to flexibly exchange, transform, and interpret shared data across multiple systems and devices to increase productivity and efficiency, to reduce cost, and to reduce errors.

- ***AmCham's proposal:***

  Further development of the interoperability portal to enable seamless interaction between all interested service providers.

Further development of data infrastructure and management systems

On top of the current achievements, further development of data infrastructure and management should be extended with data governance components that will support National data governance structure and model. The data governance concept as overall management of the availability, usability, integrity and security of employed data, where individuals, processes, technologies, and systems work together to ensure reliable data, is recognized as a key prerequisite for scaling digitalization. Valuable benefits from data monetization can be achieved only with reliable, high quality, and properly governed data.

- ***AmCham's proposal:***

  Development of a National data governance structure and model as an extension of the current data infrastructure.

Think tanks

An action-oriented think tank, formed from interdisciplinary team members: government institutions, business sector, business associations, non-governmental organizations, domain experts and educational institutions' representatives should be established as a platform that will contribute to policies and generate policy research and analysis.

- ***AmCham's proposal:***

  Establishment of an interdisciplinary think tank that would contribute to policy development on topic of data economy and monetization.

Conclusion

On the EU level, there is Europe data economy vision with data spaces as central to the architecture of Europe's data economy and new way of thinking about cooperative projects - initiated by private companies mixed with governments to have those data spaces - with tourism data space driven by Spain, an energy space driven by France and mobility driven in Germany.

The Croatian government has a unique role in data economy and monetization, as a provider, user, and policy maker. Timely and smart use of data can have strong positive effects on various industries and drive economic growth and a substantial leap forward can be achieved in a short period.

Setting up a National Data Strategy

- Adoption of a National Data Strategy that would define the vision, principles and actions Croatia will take to drive the development of data economy

Data-driven outstanding public service

- A mindset shift about data usage and governance in public administration to facilitate the development of quality data-driven Government programs, services and policies

Creation of an environment for further development of the Data Economy

- Consideration of financial incentives like tax reliefs or grants for entities engaged in research or implementation of data-driven solutions.

Facilitation of innovative data use

- Organization of incubator style open calls or challenges for facilitation of data-driven innovations

Development of data skills

- Implementation of data literacy as a subject in all tiers of the educational system

Further development of Interoperability

- Further development of the interoperability portal to enable seamless interaction between all interested service providers

Further development of data infrastructure and management systems

- Development of a National data governance structure and model as an extension of the current data infrastructure

Think tanks

- Establishment of an interdisciplinary think tank that would contribute to policy development on topic of data economy and monetization

For additional information, please contact: American Chamber of Commerce in Croatia

Andrea Doko Jelušić | Executive director

T: 01 4836 777 | E: andrea.doko@amcham.hr