

FOR EUROPE TO BENEFIT FROM ITS AI INVESTMENTS, IT MUST IMPROVE AI GOVERNANCE



EUROPE STANDS AT A CRITICAL INFLECTION POINT:

how to accelerate investment in transformative technologies like AI while ensuring those systems are trusted, accountable, and resilient. The IMF has indicated that higher productivity – through structural reforms and market integration – could crowd in up to €800 billion in additional private investment over ten years. Europe has made it clear that, in an unstable geopolitical environment, driving greater resilience is key. Realizing these growth goals while ensuring resilience will therefore require more than capital deployment; it will require technology that is trusted by organizations, governments, and citizens.

That trust is currently under strain, particularly when it comes to AI. Across Europe's enterprises and public institutions, the same story repeats: significant investment in AI capabilities, yet an inability to connect that spend to measurable outcomes. Intelligence becomes fragmented across hundreds of disconnected applications and services with no common governance layer.

A governance layer is the infrastructure that tells you what your AI is doing, why, and whether it should be. It is what allows an organization, or a government, to audit a decision, trace it back to source, and correct it before it causes harm or cost. Without it, AI systems operate as black boxes: active, consequential, and invisible.

The stakes of that invisibility are not abstract. The United States and China are both moving at speed: one through market-led investment, the other through state coordination. In both cases, the infrastructure decisions being made today will determine who captures the value of AI for decades. Europe, by contrast, risks becoming a continent that regulates AI it cannot yet govern – importing the technology, absorbing the risk, and exporting the value.

Yet without smoothly translating that regulatory framework into embedded governance tools to date, we have instead seen a paradox unfold. Organizations are moving faster on AI adoption than on the governance frameworks needed to make that adoption defensible, and the consequences are becoming visible. As of 2025, despite record investment, AI maturity had declined 20% year-on-year, and only 27% of government leaders said digital transformation has delivered more humanized constituent experiences.

Without a common layer to audit, monitor, and connect AI activity across the enterprise, the promised returns have not been difficult to identify – they have been measurably disappointing. IBM's 2025 CEO Study of 2,000 chief executives across 33 countries found that only one in four AI initiatives delivered the expected return on investment. In Europe, where AI investment is accelerating fastest relative to governance capacity, the gap is wider still. In turn, investor and consumer confidence is eroding.

To realize the promise of AI, including measurable benefits, productivity gains, and predictable costs, a primary pillar must be governance – effectively operationalizing smart policy decisions that build trust and promote competition, without adding burdensome and unnecessary regulatory barriers or uncertainty.

In this era, every responsible organization needs an AI Control Tower – the ability to exercise unified, intentional control over every AI system, agent, and workflow, regardless of where it runs. The design principle is straightforward: an AI agent only becomes trustworthy when the platform beneath it enforces accountability.

Underpinning all this is data. Well-structured, securely maintained, and free from the lock-in that stifles both innovation and competition. The contrast with other →

→ leading AI economies is instructive. Singapore has built its AI advantage precisely by making governance the foundation, not the finish line. Its Model AI Governance Framework is now interoperable with EU, US, and OECD standards – giving Singapore’s enterprises a trusted baseline that attracts investment and enables scale. Europe has the frameworks; what it has lacked is the embedded infrastructure to make them operational at the enterprise level.


The consequences are visible in the numbers. In France, ranked second in Europe for declared AI maturity, over 80% of organizations report no measurable financial impact from their AI investments. In Germany, a similar pattern holds: companies have strategies, but enterprise-wide governance frameworks remain the exception, not the rule. AI is everywhere, governance is nowhere. This is not a European outlier problem. It is a European structural problem.

Europe produces roughly 30% more AI talent per capita than the United States and nearly three times as many AI professionals as China, yet it experiences a net outflow of senior AI professionals. The organizations and nations that build governed AI infrastructure, from data centers to skills transition programs that map to quality employment outcomes, will attract the capital and talent that others lose.

Governance is not a friction cost. It is what makes speed possible, sustainable, and trustworthy. Without it, AI is a liability, not an asset. This belief is core to ServiceNow’s founding philosophy, trust must be established through transparent, documented governance practices, including model documentation, data lineage tracking, and systematic risk assessment frameworks.

The policy agenda following from this leaves room for competition and innovation, but does require coherence and collaboration. Regulatory frameworks should reward smart governance in accordance with best practices, not penalize adoption.

Public procurement should set the standard by requiring audit trails and interoperability from AI vendors. Investment in skills transition needs to run in parallel with investment in infrastructure. You cannot realize productivity gains from AI if your workforce cannot engage with it or if your skills training programs fail to align with actual skills gaps and employer needs.

Europe has shown that it can help lead when it acts with ambition. Now is the time when AI governance frameworks will be defined and operationalized, shaping Europe’s AI-enabled future. Governance will unlock it through trust. Europe can continue its leadership in this area by ensuring AI regulation rewards innovation without stifling competition. 

ABOUT THE AUTHOR

COMBIZ ABDOLRAHIMI is the Vice President and Global Head of Government Affairs & Public Policy at ServiceNow. ServiceNow recently published a Blueprint for Agentic Business.