UNLOCKING FRANCE'S AI POTENTIAL 2025

Introduction

France is experiencing a surge in AI adoption, with businesses integrating the technology at pace. French startups are showing the way, leveraging AI to develop innovative products and transform business models. **30%** of French businesses have adopted AI and French startups are leading Europe's AI adoption curve; **68%** have adopted AI, up from **54%** last year, compared to the European average, where **58%** of startups are using AI.

It is not just businesses driving this AI revolution - the French public is equally enthusiastic, recognising AI's transformative potential, particularly in the sectors of education and healthcare, where over **80%** of the population believes AI can have a positive impact.

Despite this momentum, France lags behind Europe in overall AI adoption, particularly among large enterprises and small and medium-sized enterprises (SMEs).

France's pioneering AI startups are supported by a strong ecosystem, benefiting from strong access to capital, talent, and a collaborative business environment. Meanwhile, larger enterprises and SMEs have been slower to adopt AI, with factors including a slower pace of cloud adoption compared to other EU countries, fragmented AI strategies, and a growing skills gap posing significant barriers.

To ensure long-term global competitiveness, French businesses must take steps to accelerate cloud adoption, integrate AI across entire business operations, and invest more heavily in digital talent. At the same time, policymakers must work to reduce regulatory uncertainty and compliance burdens, identified by French businesses as some of their biggest challenges, to enable businesses to innovate with confidence.

By building on its position as a European leader in AI (thanks in particular to the French start-up ecosystem), and by addressing these challenges, France will further strengthen its innovation momentum, driving economic growth, boosting productivity, and ensuring the adoption of AI by businesses of all sizes. These advances will consolidate France's strong position in the European digital ecosystem.

France's AI adoption accelerates

Businesses across France are continuing to embrace AI at pace, with a company adopting the technology every three minutes. **30%** of French firms now use AI, marking an **11%** increase from 2023.

This trend is having clear impacts: **90%** of these businesses report an increase in revenue, averaging a **30%** boost, while two-thirds (**66%**) have witnessed significant productivity gains.

Startups: France's AI pioneers

France's startups are European pioneers at the forefront of AI innovation, exceeding the European adoption average, pushing boundaries, and creating entirely new products and business models that would have been impossible just a few years ago.
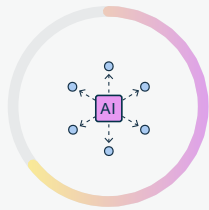
Sixty-eight percent of French startups have now adopted AI, up from **54%** last year, showing a strong growth rate of **26%**.

This is significantly higher than the European average, where **58%** of startups are using AI at a growth rate of **19%**.

Startups are using AI in particularly innovative and transformative ways. Forty-two percent of startups report developing new AI-driven products, and **45%** are scaling AI use across business functions. One in five (**20%**) are at the most transformative stage of AI adoption, harnessing the most advanced AI systems that combine multiple types of AI tools or models to perform complex tasks, developing their own custom AI solutions.

This trend can be partly attributed to France's dynamic business environment, which has enabled startups to harness AI more effectively. Eighty-two percent of startups report a good or excellent experience growing their business domestically, citing access to capital, a thriving ecosystem, and a strong talent pool as key factors driving their rapid growth and ability to scale up.

Access to capital:
67% of French startups credit their growth to access to private funding and investment. France now boasts one of the highest levels of VC funding in the EU, nearly doubling in the past year and trailing only Germany in total venture capital raised.

A thriving startup ecosystem:
60% of French startups cited collaboration with other companies and industry leaders as important in helping them grow.

Access to talent:
56% of French startups say they have a strong AI skill set – nearly four times higher than the French average of **15%**.

The two-tier AI economy

However, a two-tier economy is emerging, with startups and larger enterprises diverging in their approach and speed of AI adoption.

While **53%** of large French enterprises report using AI - a figure comparable to the European average - their adoption remains basic, primarily focused on efficiency and productivity improvements. Only **13%** of enterprises are at an advanced stage of AI integration, combining multiple types of AI tools or models to perform complex tasks, or developing their own custom AI solutions. Just **23%** are using AI to develop new products or services.

 AI usage in French large enterprises grew just **7%** last year, compared to **14%** across Europe.

- Only **40%** of French large enterprises have a dedicated AI budget, far below Europe's **58%** average.

- Fewer than **6%** of large enterprises have a comprehensive AI strategy, compared to **25%** across Europe.

The stakes are high: large companies, which contribute **58%**[1] to GDP and employ almost a third (**31%**) of the workforce[2], are crucial to French competitiveness. Their adoption of AI is therefore crucial. The recent Draghi report on EU competitiveness recognised this challenge, highlighting the need for large companies to increase investment in innovation and emerging technologies to stay competitive – something it referred to as the 'middle tech trap'[3].

French AI adoption in the European context

French business adoption of AI remains behind the European average. Just **30%** of French businesses report consistent AI use, compared to **42%** across Europe. Concerningly, this gap is widening, with France's AI adoption growing by just **11%** in the last year, compared to **27%** growth across all of Europe.

These discrepancies contrast with the benefits observed: among French businesses that have adopted AI, **66%** report significant productivity gains, and **90%** report increased revenue. Those businesses that report increased revenue say it has risen by **30%** on average.

SMEs: still untapped potential in their adoption of AI

SMEs make up **99.8%** of French businesses[4], and must be empowered to become AI leaders too. The percentage of SMEs reporting consistent AI use lags slightly behind the national average (**28% v 30%**). Measures tailored to their specific needs would accelerate their adoption of AI.

SMEs face three major challenges

Cost barriers:
40% of SMEs cite cost as the primary obstacle to AI adoption and they are **24%** more likely than larger businesses to find implementation costs prohibitive.

Lack of digital skills:
38% of SMEs report a shortage of AI talent while the average time taken to hire an AI-skilled worker is 7.1 months, compared to 6 months for larger firms.

Slower growth and rising costs:
47% of SMEs report that AI skills shortages slow their growth, while **45%** face increased operational costs.

SMEs that have integrated AI report measurable benefits:

- **Eighty-nine percent** of AI-adopting SMEs report increased revenue, nearly matching the national business average of **90%**.

- **Sixty-six percent** experience significant productivity gains, in line with broader trends.

These results are all the more important given that France is facing major productivity challenges. Since 2019, labour productivity in France has fallen by **8.5%** relative to pre-Covid trends[5]. With SMEs making up such a sizeable proportion of French businesses, boosting their AI adoption will have major economic benefits. Three areas appear to be priorities: reducing adoption costs, improving access to AI funding, and enhancing digital skills training.
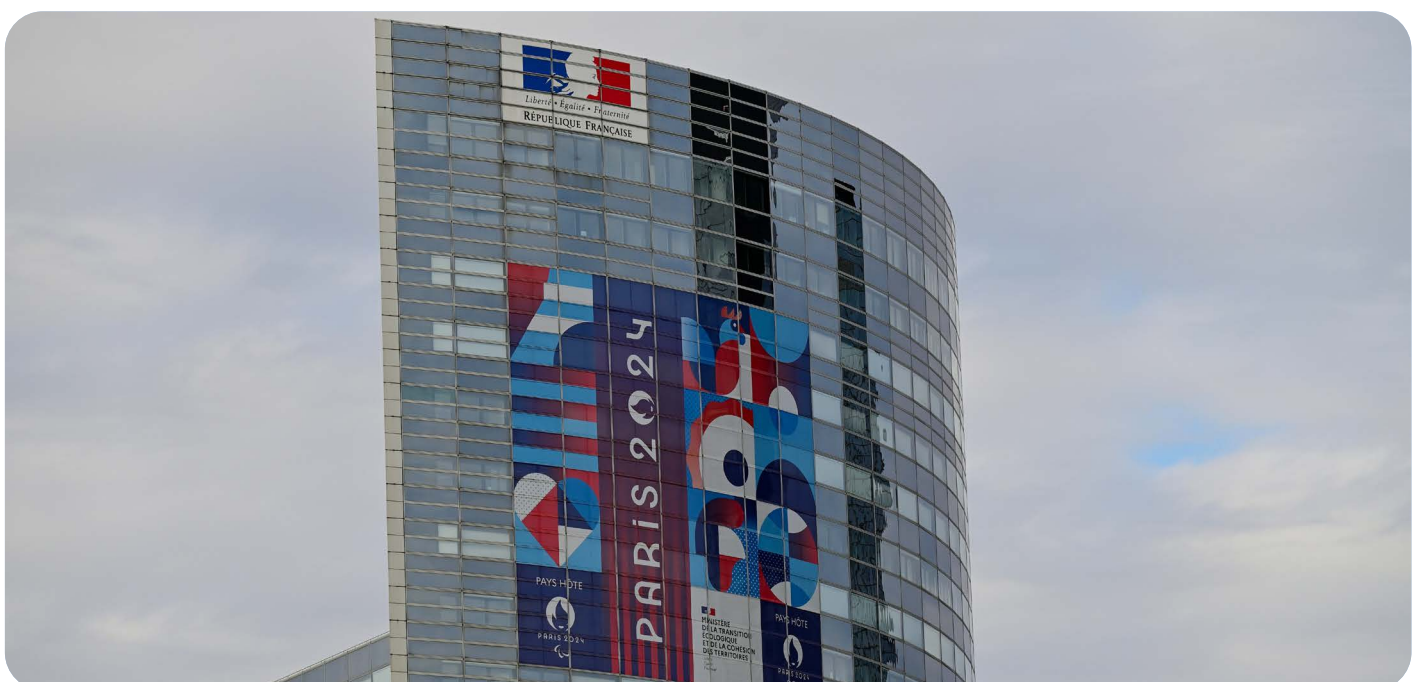
Large companies: the challenge of strategic AI integration

Recent research by the Telecoms Advisory Service, on behalf of AWS, found that cloud adoption is set to add $2.6 trillion to Europe's GDP by 2030, with nearly $434 billion coming from cloud-enabled AI. To realise their fair share of these economic gains, French businesses must take three critical steps:

1. Adopt Cloud

Cloud is the foundation for AI success, enabling transformation beyond basic efficiency gains. Yet, French businesses are lagging behind, with only **46%** adopting cloud technology, compared to **52%** across Europe.

Upgrading to cloud technology brings clear financial and operational benefits. Research by the Enterprise Strategy Group (ESG) found that businesses can reduce compute, storage, and networking costs by up to **66%** when migrating on-premises workloads to AWS Cloud[6].

Furthermore, [recent research by Accenture](#) found that AWS's own infrastructure is up to 4.1 times more efficient than on-premises, improving both productivity and carbon footprint.

This transition to the cloud should be a top priority for French businesses looking to scale AI adoption effectively and to improve their productivity more broadly.

2. Develop a business-wide AI strategy

Companies that integrate AI across their entire business see the largest revenue and productivity gains. French businesses of all sizes must focus their efforts on developing an AI strategy to drive innovation, and AI adoption should go beyond single-use applications or specific functions. Currently, less than **6%** of French enterprises have a comprehensive AI strategy, compared to **25%** across Europe.

By modernising infrastructure and embedding AI across business operations, French companies can unlock greater efficiency, innovation, and long-term growth. To start this journey, key steps include:

Investments in high-quality data infrastructure: Establish cloud-based data systems as the foundation of AI success. Without good data, even the most advanced AI tools will be inefficient.

Custom machine learning solutions: Create tailored machine learning capabilities for specific business challenges instead of generic AI tools. Proprietary models deliver unique insights and competitive advantages.

Harnessing the support of partners: Nearly a third (**30%**) of French companies report that their business primarily sources AI capabilities and expertise from external providers or consultants.

3. Invest in digital talent to close the AI skills gap

A lack of AI expertise is cited as a major blocker to innovation for **68%** of French businesses, compared to **56%** across Europe. For large enterprises, the challenge is even greater, with 75% citing skills shortages as a key barrier to AI adoption.

SMEs struggle to attract digital talent, with **38%** identifying skills shortages as their biggest obstacle. This talent gap has direct financial consequences, with **47%** of SMEs reporting slower growth and **45%** facing rising operational costs due to a lack of AI expertise.

To stay competitive and reap the full benefits of AI adoption, French businesses must prioritise investment in digital skills, whether through targeted hiring, upskilling existing employees, or forging stronger partnerships with universities and training programs.

Partners can again play a critical role here – **46%** of those businesses that rely on partners to support AI adoption say that they provide more advanced AI capabilities. **46%** also report that partners help with the training and upskilling of staff on AI tools.

Accelerating AI adoption in France

Government initiatives are starting to show results. The 'modernisation of manufacturing' component of the France 2030 plan is a case in point: this traditional sector now boasts an adoption rate of **46%**, above the national average of **30%**.

To accelerate and broaden these results, three major issues require the attention of the French government:

Regulatory compliance:
French businesses face the highest compliance costs of any country we surveyed in Europe, with €46 out of every €100 in tech spending going toward compliance. Meanwhile, **78%** of businesses expect these compliance costs to increase further in the next 12 months, rising to **90%** among large enterprises.
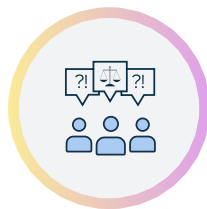
Regulatory uncertainty:
Nearly two-thirds (**62%**) of French businesses struggle to understand their obligations under the EU AI Act. Those uncertain about regulation are planning to invest **30%** less in AI than the French average over the next three years (compared to **28%** less across Europe).

Support for SMEs:
Implementing strategic tax incentives for technology investments will reduce financial barriers for SMEs, who are often more concerned about upfront costs.

France has what it takes to stimulate innovation. While the government has already taken steps to simplify legislation in a number of areas (public procurement, reducing administrative burdens), it is now crucial to extend this approach to digital policy to reduce regulatory uncertainty and simplify compliance.

Yseop is helping speed up the delivery of new medicines

Clarisse dos Santos, now Director of Product Management at Yseop, recalls being overwhelmed by paperwork during her post-doctorate in clinical and neuro-imaging data analysis. Yseop's solution is addressing this very challenge by transforming data into precise regulatory documents.

"When I was writing, I was doing a lot of copy and paste and taking information from different sources. And I kept thinking, I wish I could just have a button to take all these things and put them in the right place."

Yseop provides this 'magic button', converting structured and unstructured data into precise drafts of critical regulatory documents, including CSRs, patient narratives—cutting the process from months to weeks. Providing the backbone for this is Amazon Bedrock and its support of Anthropic's Large Language Model Claude 3.5.

Yseop is paving the way for faster medical breakthroughs, aiming to reduce medical report writing from hours to seconds. Yseop relies on AWS's secure infrastructure, including Amazon Bedrock, to handle vast amounts of sensitive data, ensuring both efficiency and data protection, ensuring they reach patients at record speeds while driving better outcomes for all.

Read more about their work here: https://aws.amazon.com/fr/solutions/case-studies/aws-pioneers-project/yseop/

Appendix

Methodology

The fieldwork for this study was undertaken by Strand Partners' research team for Amazon Web Services. This research has followed the guidance set forth by the UK Market Research Society and ESOMAR. For the purposes of this study, business leaders are defined as founders, CEOs, or members of the C-suite in organisations.

'Citizens' are nationally representative members of the public based on the latest available census.

For inquiries regarding our methodology, please direct your questions to: polling@strandpartners.com.

In France:

We conducted a survey targeting 1,000 businesses and 1,000 nationally representative members of the public.

- This survey has ensured representation based on age, gender, and NUTS 1 region.

- Additionally, we surveyed 1,000 business leaders, representative by their business size, sector, and NUTS 1 region.

Sampling:

Our sampling process used a mix of online panels that are recognised for their validity and reliability. These panels are carefully curated to ensure diverse representation across various demographics. For the business leaders, the panels are selected with a consideration for organisational size, sector, and position within the company. Our objective with the sampling strategy is to achieve an optimal mix that mirrors the actual distribution of our target populations in the respective markets.

Weighting Techniques:

Post-data collection, we applied iterative proportional weight to correct any discrepancies or over-representations in the sample.

Survey:

- Usage Patterns: This survey gauges the evolving patterns of digital technology usage. We are particularly interested in examining the adoption and implementation levels of technologies, focusing on cloud computing and artificial intelligence.

- Perceptions and Attitudes: The survey seeks to unearth the prevailing perceptions and attitudes toward digital technologies, understanding the perceived benefits, challenges, and potential ramifications of both present and emerging tech solutions.

- Barriers and Opportunities: The survey scrutinises the predicted challenges and potential avenues that both businesses and individuals anticipate on their digital trajectory. This involves pinpointing challenges, from skill deficits to regulatory complications, and recognising opportunities for growth, innovation, and market development.

- 'Size of the Prize': The survey shed light on the economic repercussions and growth prospects linked with digital transformation. By elucidating the 'size of the prize', we aspire to stress the importance of digital transformation and foster further investments and technology adoption.

References

1. Over 86% of French SMEs consider access to the European Single Market to be crucial for business growth

2. Large companies – AFEP

3. The Draghi report on EU competitiveness

4. Over 86% of French SMEs consider access to the European Single Market to be crucial for business growth

5. Explaining productivity losses observed in France since the pre-Covid period | Banque de France

6. Moving from on premises to the cloud with AWS delivers significant cost savings, report finds | AWS Insights