

START-UP INNOVATION *HOW TO « BLITZSCALE » IN EUROPE ?*

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Agenda:

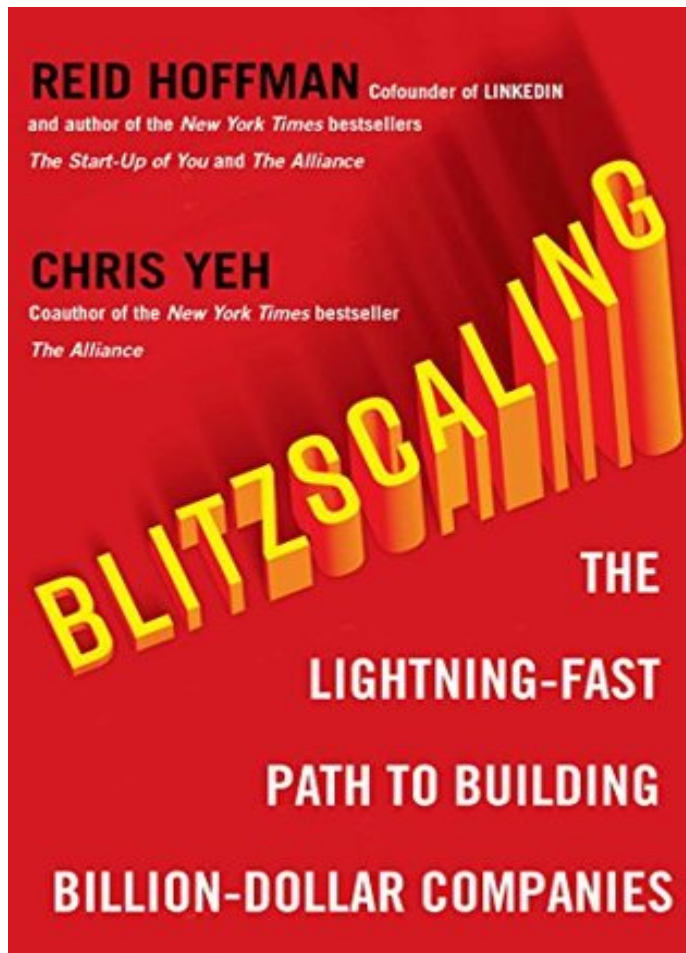
- General introduction

- 1/ Presentation of the Cercle Orion
- 2/ Presentation of AviaMediaTech
- 3/ Presentation of the strategic partnership

- Introduction of the subject

- I/ The start-up ecosystem in London and Europe
- II/ The predominance of the US and Asia
- III/ Which issues for « blitzscaling » in Europe ?

Blitzscaling, by Reid Hoffman



“First mover advantage doesn’t go to the first company that launches, it goes to the first company that scales.”

Presentation of the Cercle Orion

The Cercle Orion is a club dedicated to political thought - political, as in "with regard to the Polis" - and action.

It gathers young people who are fully engaged in our society, and strive to reach a better understanding of the world's issues, so as to transform and improve it.

Its ambition is to gain a voice on all major contemporary themes through a triple lens:

- Globalization
- Digitalization
- Sustainable development



Presentation of AviaMediaTech

AviaMediaTech Ltd is an independent Consulting and Capital Services firm focused on business development and international expansion with 17 years of successful operations in the UK.

With a strong vision and ambition combined with a great international network, AviaMediaTech Ltd aims to find effective answers to matters regarding Consulting, Fundraising, Trading and Incubation.



The strategic partnership

Cercle Orion & AviaMediaTech

In a world profoundly disrupted by digital technologies and ever-changing geopolitical dynamics, the Cercle Orion and AviaMediaTech are going to work together through their new strategic partnership.

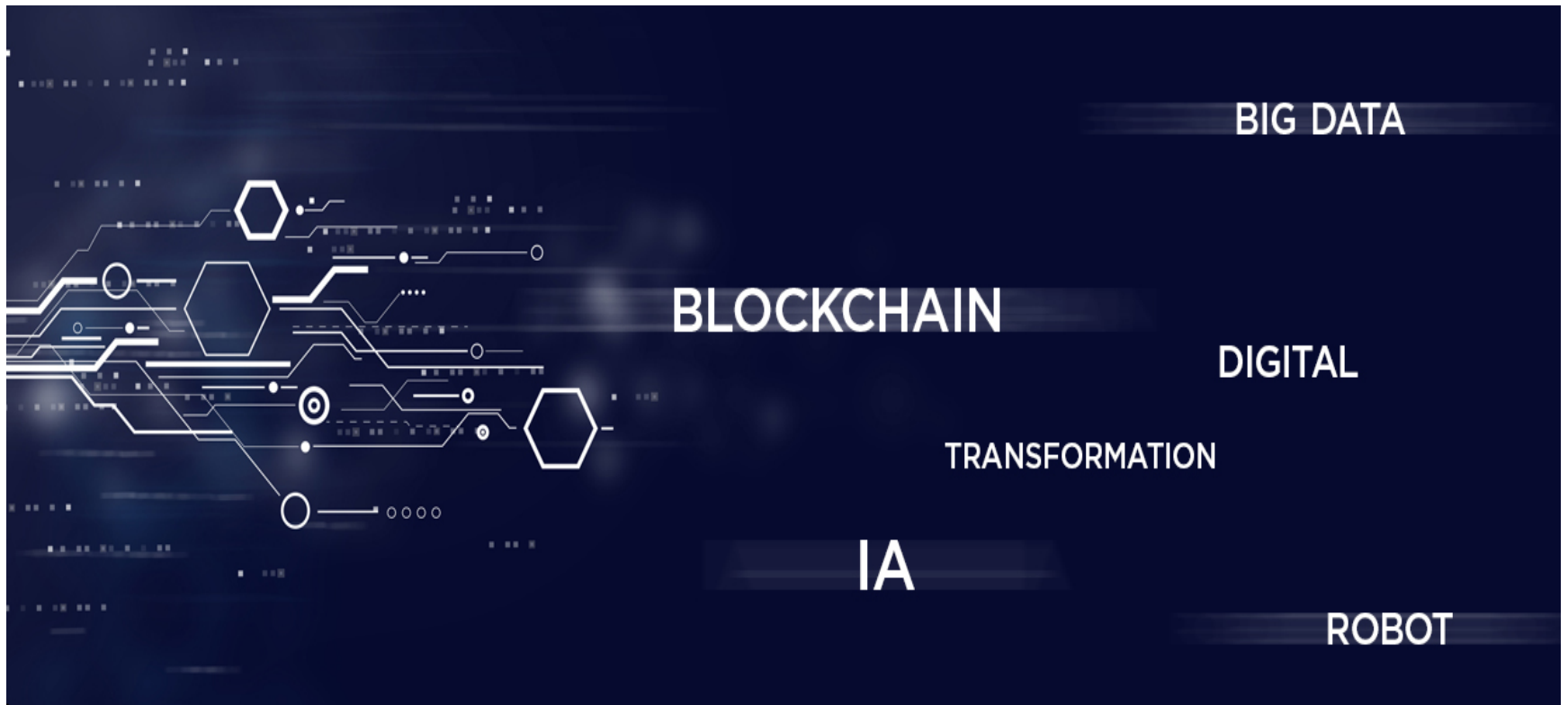
This partnership will allow the two entities to work together in the following years on different topics related to Entrepreneurship, Innovation, Digital Technologies, Geopolitics in London (UK) and Paris (France).

Three different objectives :

- Joint events
- Incubation (fundraising)
- Strategic advices and coaching



Introduction



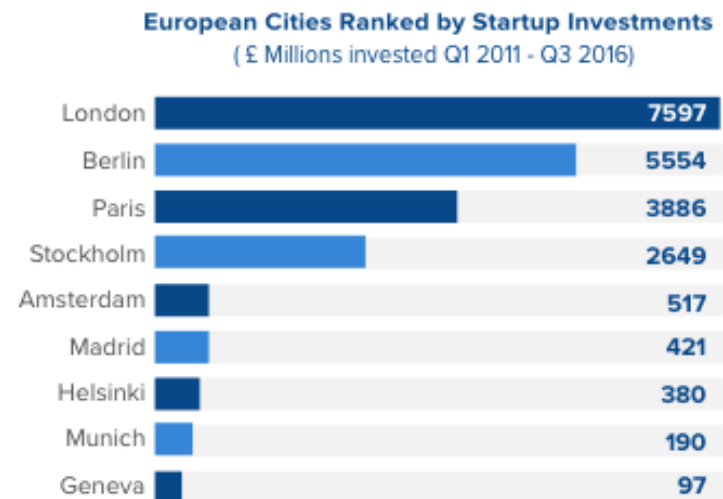
Questions

- What is the current market for unicorns in Europe and the rest of the world?
- Situation in London : added value in the UK compared to other countries.
- How Europe could become a powerful tech region?
- How are GAFAs influencing rules and priorities in our daily life?
- How do they reshape our perception of space and relationships?
- What role do they play in the emergence of worldwide geopolitical trends?
- Are GAFAs redefining the whole notion of power?
- Crucial issues for the the UE: how thwart the US and Asia ?



I/ The start-up ecosystem in London and Europe

London has the most startups of any European City

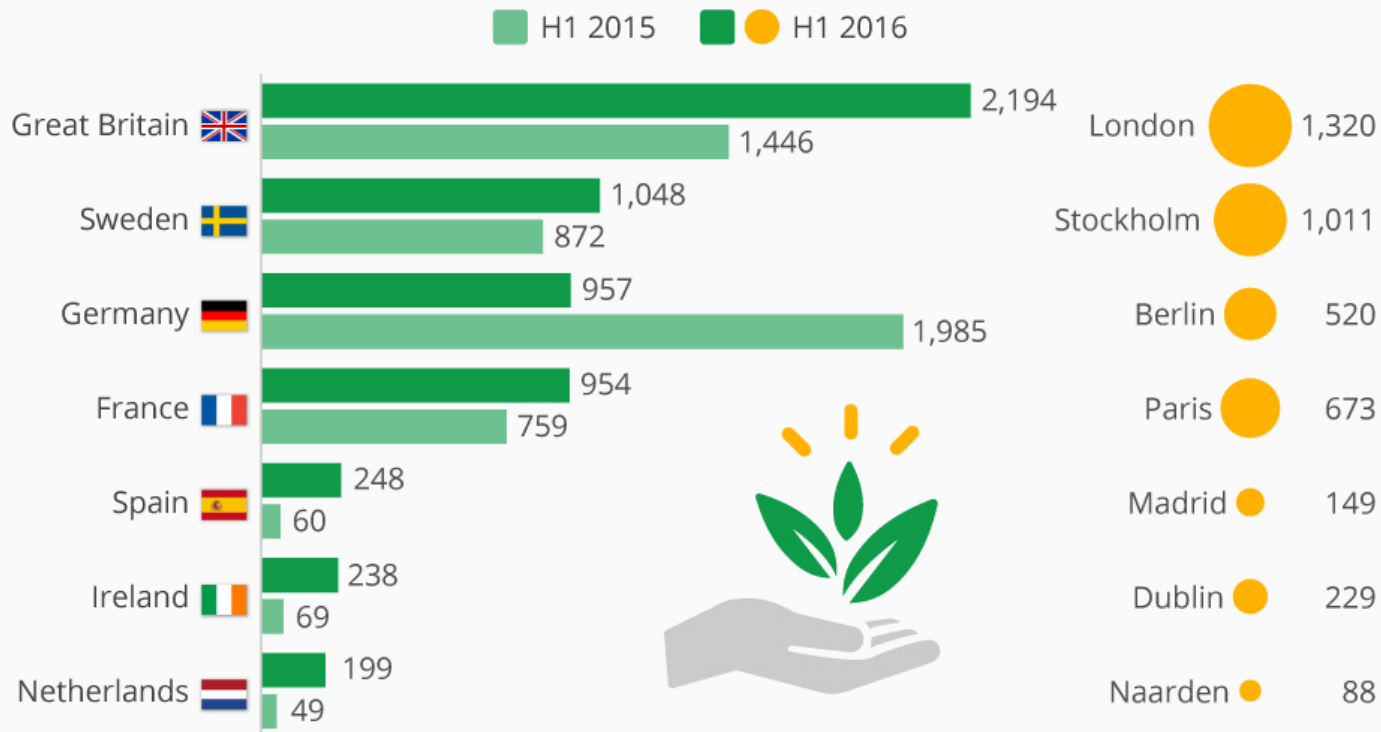


Figures from original research were converted from EUR to GBP at a rate of 1 GBP = 1.18475 EUR.

Start-up investment volume

London Usurps Berlin As Startup Capital Of Europe

Startup investment volume (in million euros)



@StatistaCharts Source: EY

The London ecosystem

London is an exceptional place for startup development. The third largest tech hub in the world, and leading startup hub in Europe, is known for its vibrant community, a high concentration of capital and a massive concentration of international talent. There is no shortage of accelerators and tech events in London, or government support, making it one of the fastest-growing startup ecosystems in the world.

The UK outpaces other European countries in terms of tech startup funding, with €7.1 billion raised in 2017 alone, the majority of that activity happens in London, with mega-rounds raised by startups including Farfetch, Improbable, Deliveroo, and Truophone.



The city's top start-up hubs

London “has New York’s urban diversity, LA’s concentration of media, film, TV and creative industries and Washington DC’s proximity of government, all in one place” according to Joanna Shields, CEO of the government’s Tech City initiative.

The city is a hub of innovation, creativity and talent. London entrepreneurs, startups, and freelancers can break free from the setting of the traditional office in over 150 coworking spaces and hubs. Combining the benefits of networking, café culture, and serviced offices, these London coworking spaces offer something for everyone.

Ex: Huckletree

HUCKLETREE

Top of the city's most promising startups

Monzo - the startup that is shaking up Britain's banking industry was founded in 2015, as a digital bank. Currently serving 1.1 million customers, Monzo offers easy money management and transfer and stress-free travel with their card. Monzo became the latest UK firm to reach the unicorn status in October 2018.



monzo

Revolut is a digital banking alternative from London and reached unicorn status a while ago. Founded in 2015, the fintech provides easy international money transfers and instant global spending using the interbank exchange rate. The online bank Revolut designed for your global lifestyle.

Revolut

The city's most active VCs

As the world's financial center, London offers exceptional access to venture capital funds, angel investors, crowdfunding platforms, banks and other financial possibilities. In 2017, London attracted more venture capital investment than any other major European city, making VC funds quite busy. Here are 5 of the most active VCs:



Index Ventures - Known as Europe's startup success factory, Index Ventures has a focus on e-commerce, fintech, mobility, gaming, AI, and security. Since its establishment in 1996, it has raised \$7.25 billion and has invested in truly transformative companies like Dropbox, Farfetch, Supercell, Skype, Revolut, Deliveroo, TransferWise, BlaBlaCar and many more.



DN Capital is one of the oldest running venture firms in the UK, focused on digital media, e-commerce, software and mobile applications, from early stage to growth equity. The award-winning VC has made 90 investments, with 23 exits and 3 IPOs. Its most famous exit: Shazam.

Accelerators and Incubators

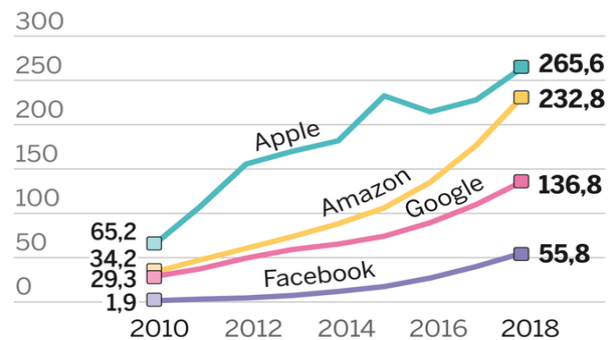
As an epicenter for startups, London offers an abundant choice of accelerators and incubators, providing support, space and resources to help you catapult your startup.

According to Nesta, there are over 200 incubators and 160 accelerators currently active in the UK, supporting over 3,500 new businesses per year. Beyond the global network of Seedcamp, Startupbootcamp or Techstars, all present with their programs in the British capital, London is also home to Europe's largest fintech incubator and Europe's first proptech accelerator.

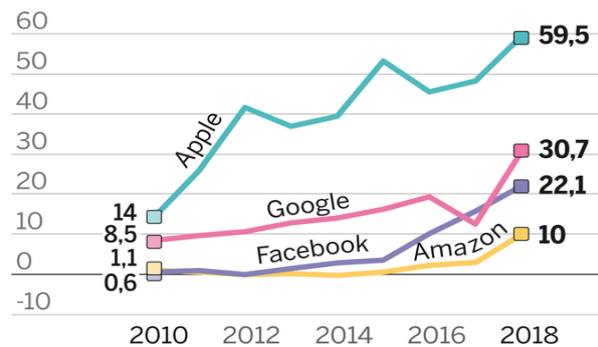
Presentation of the incubator Cercle Orion / AviaMediaTech

II/ The predominance of the US and Asia

Evolution du chiffre d'affaires des GAFAs, en milliards de dollars



Evolution des bénéfices, en milliards de dollars



Largest Global Companies in 2018 vs 2008: 7 out of 10 are now based on platform business models

2018

RANK	COMPANY	FOUNDED	US\$bn
1.	 *	1976	890
2.	 *	1998	768
3.	 *	1975	680
4.	 *	1994	592
5.	 *	2004	545
6.	 腾讯 *	1998	526
7.	BERKSHIRE HATHAWAY	1955	496
8.	 *	1999	488
9.		1886	380
10.	J.P.Morgan	1871	375

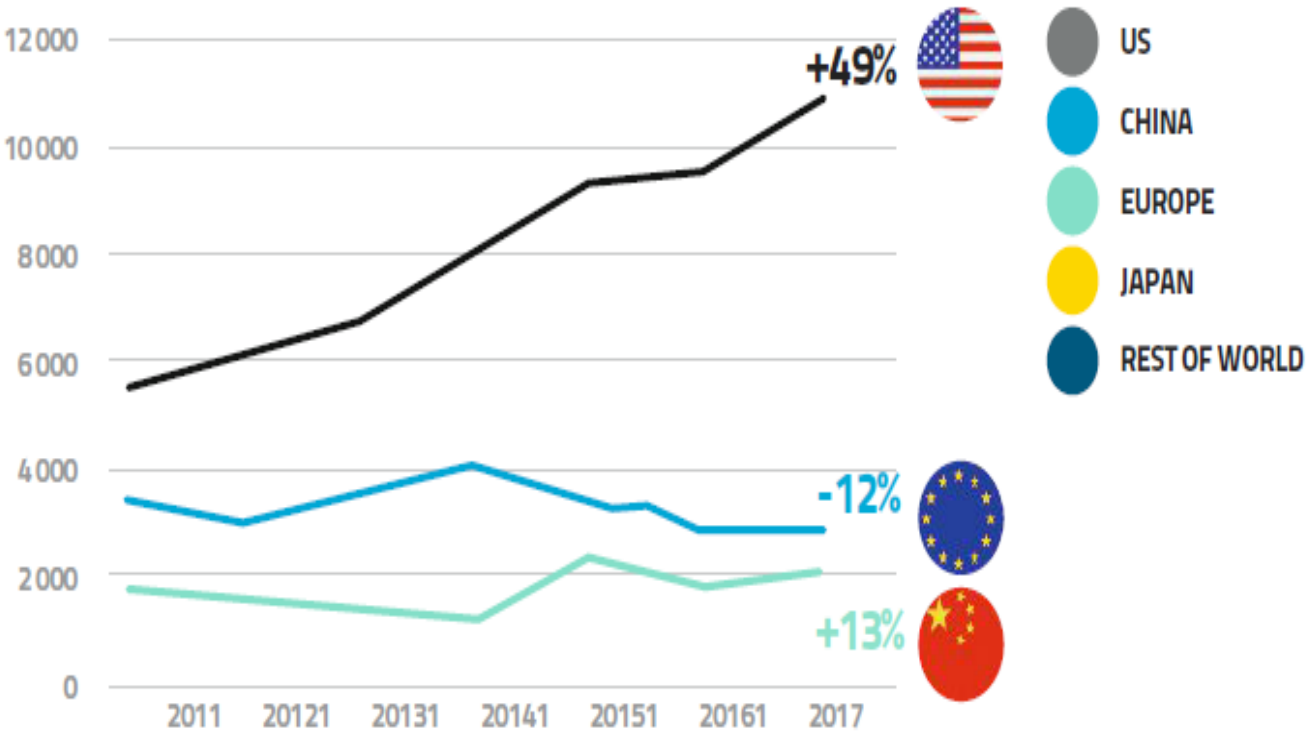
2008

RANK	COMPANY	FOUNDED	US\$bn
1.	 PetroChina	1999	728
2.		1870	492
3.		1892	358
4.	 中国移动 China Mobile	1997	344
5.	 ICBC	1984	336
6.		1989	332
7.	 Microsoft	1975	313
8.		1907	266
9.	 中国石化 Sinopec	2000	257
10.	 AT&T	1885	238

GLOBAL TOP 100 CORPORATIONS

VALUATION INCREASE/DECREASE

VALUATION
\$BN



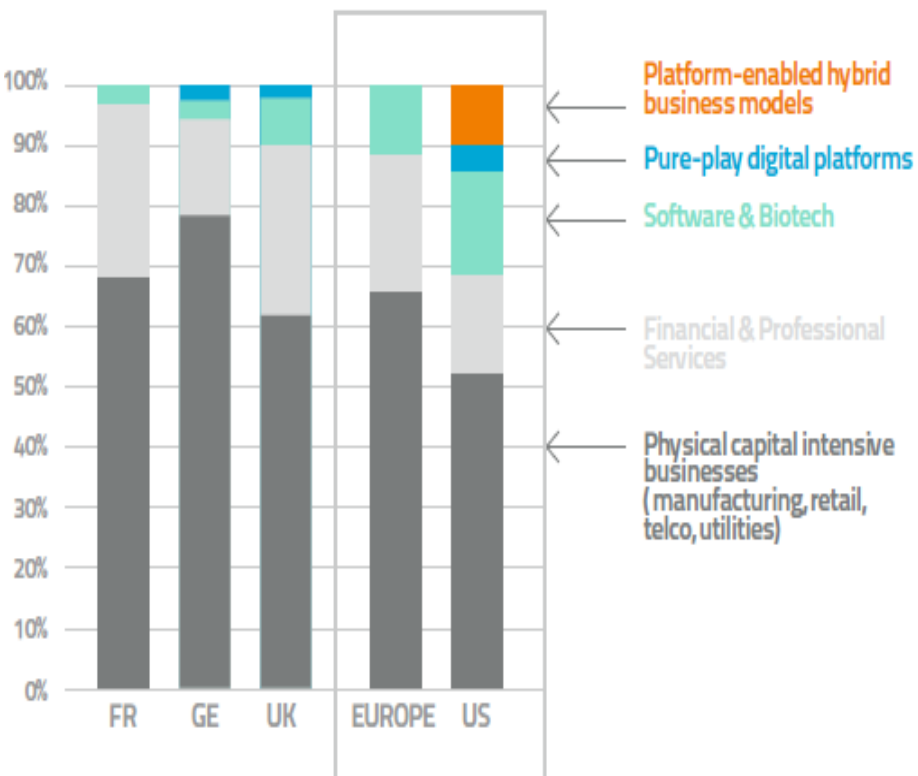
ORIGINS OF PLATFORM BUSINESSES

EUROPE HAS 4% MARKET SHARE

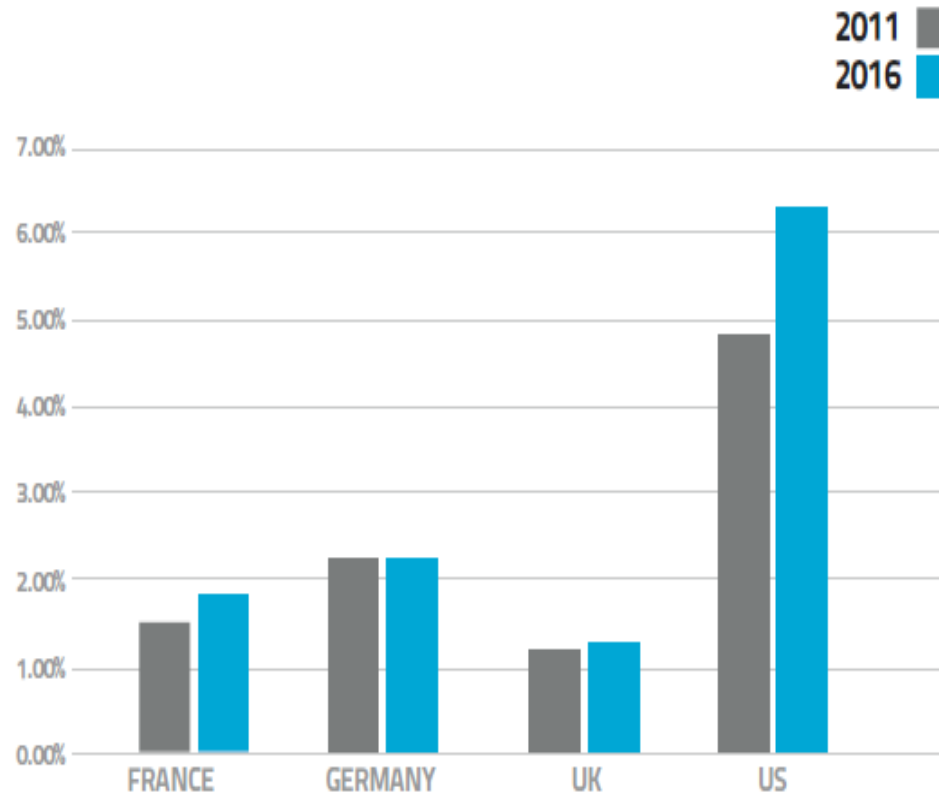


EUROPE'S LEADING COMPANIES ARE LAGGING BEHIND/THE US HAS CREATED MORE, LARGER PLATFORM-ENABLED BUSINESSES

Distribution of predominant business models, 2017
(Top 50 listed companies)



R&D AS % OF REVENUE TOP 50 LISTED COMPANIES



The Cloud Act



The **Clarifying Lawful Overseas Use of Data Act** or **CLOUD Act**, enacted in **2018**

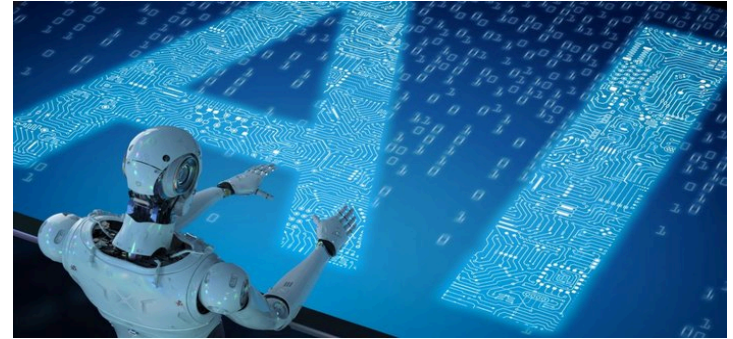
Allow federal law enforcement to compel U.S.-based technology companies via warrant or subpoena to provide requested data stored on servers regardless of whether the data are stored in the U.S. or on foreign soil.

The situation was highlighted from a 2013 drug trafficking investigation, during which the FBI issued an SCA warrant for emails that a U.S. citizen had stored on one of Microsoft's remote servers in Ireland, which Microsoft refused to provide.

Microsoft argued that the SCA did not cover data stored outside the United States.

➤ Which balance between GDPR and the Cloud Act ?

« Code is law »



- « Code is law », Lawrence Lessig
- The **pathetic dot theory** or the **New Chicago School theory** in 1998 book *Code and Other Laws of Cyberspace*.
- Socioeconomic theory of regulation
- It discusses how lives of individuals (the pathetic dots in questions) are regulated by four forces: the law, social norms, the market and architecture.
- <https://www.youtube.com/watch?v=XvzNuw5VjBU>

Unicorn Companies

The term unicorn was coined in the year 2013 by the founder of the Cowboy Ventures, Aileen Lee, when she referred to the 39 startups that had a valuation of more than \$1 billion as unicorns. The term was used to put an emphasis on the rarity of such startups.

The definition of a unicorn startup has remained the same since then. A unicorn is a startup founded after 2003 which has a current valuation of more than \$1 billion.

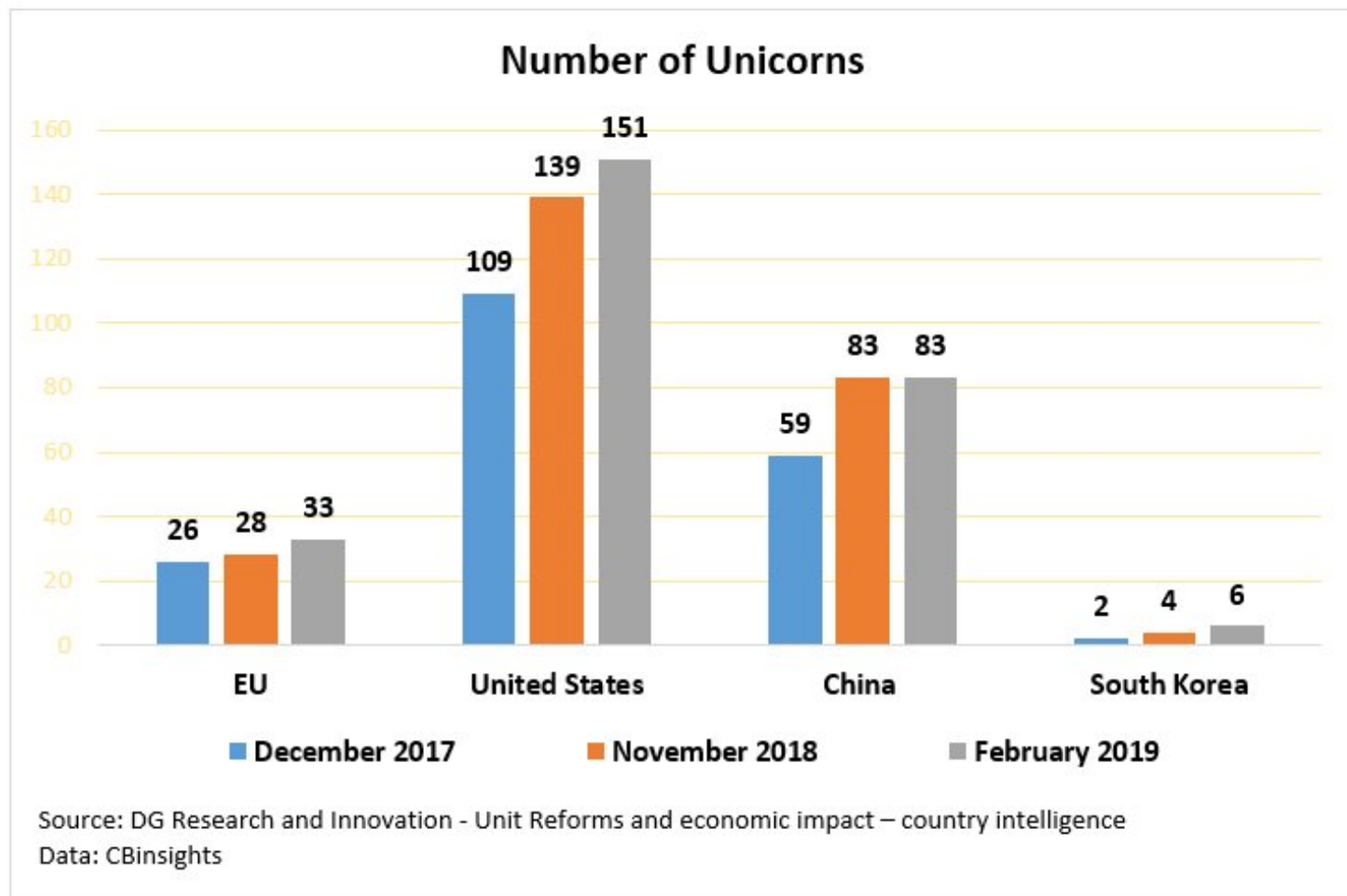


Unicorns in Europe

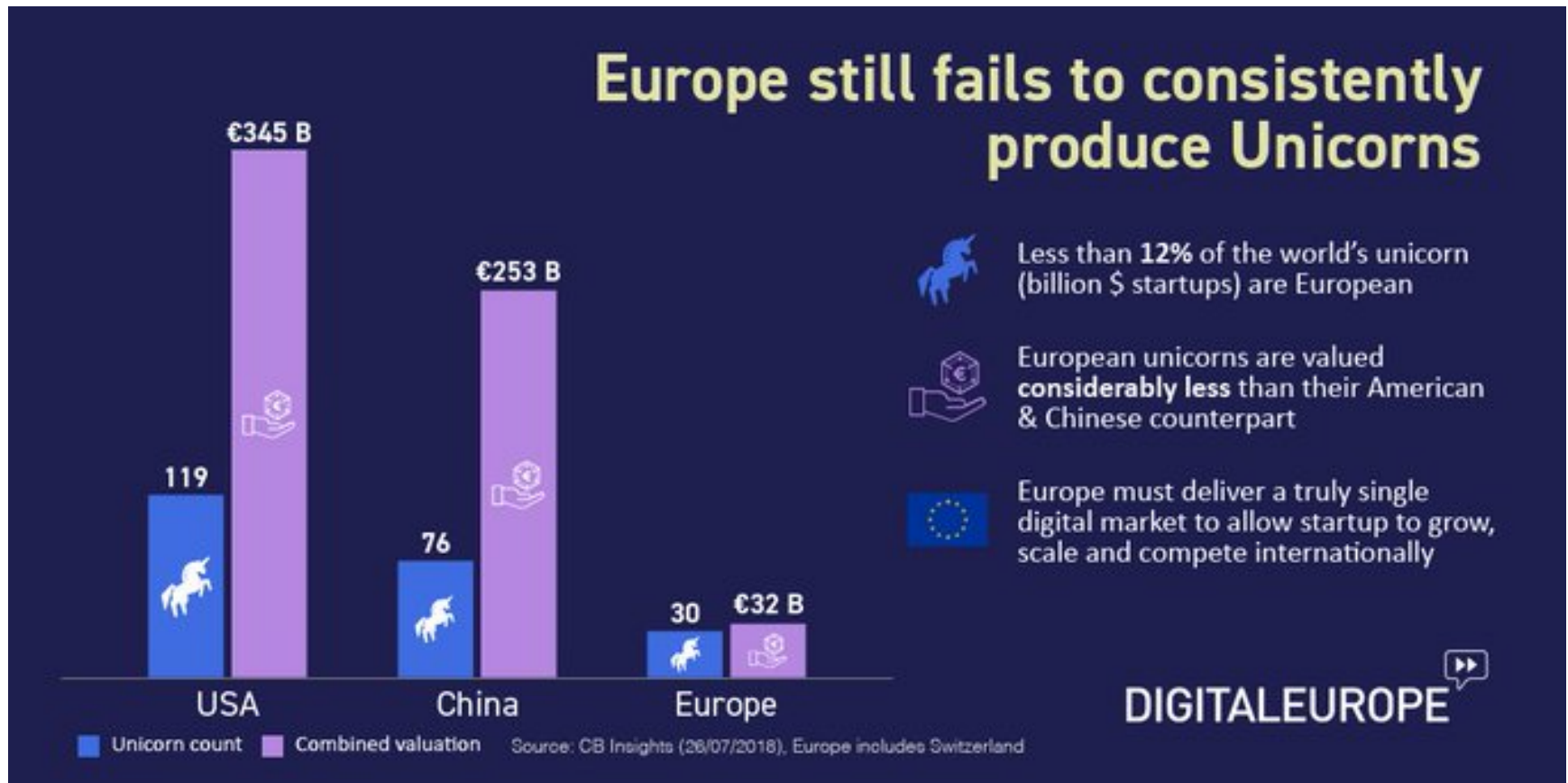
European unicorns landscape

	Realised unicorns: 110	Unrealised unicorns: 50
The UK (62)		<p>New in 2018/2019</p>
Germany (27)		
Netherlands (13)		
Sweden (11)		
Rest of Europe (47)		

The current situation



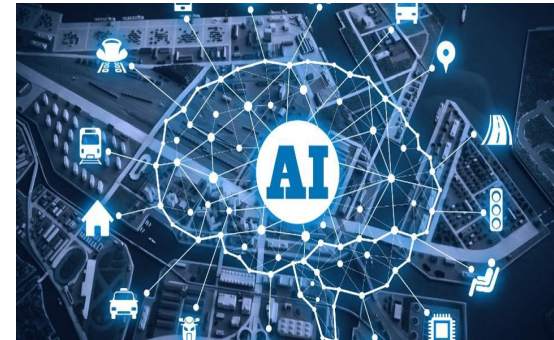
The situation in Europe



Tech Map in Europe



GAFAs and Democracy ?



- Making choices about values :
 - Our choice is not between "regulation" and "no regulation."
 - The code regulates. It implements values, or not. It enables freedoms, or disables them. It protects privacy, or promotes monitoring. People choose how the code does these things. People write the code. Thus the choice is not whether people will decide how cyberspace regulates. People--coders—will.
 - The only choice is whether we collectively will have a role in their choice--and thus in determining how these values regulate--or whether collectively we will allow the coders to select our values for us.
- **Hence a regulation of GAFAs in order to promote Tech for Good.**

Digital and democracy : How code can have an impact on the liberal values ?

- Every age has its potential regulator
- The code, or architecture, sets the terms on which life in cyberspace is experienced. It determines how easy it is to protect privacy, or how easy it is to censor speech. It determines whether access to information is general or whether information is zoned. It affects who sees what, or what is monitored.

« The code will present the greatest threat to both liberal and libertarian ideals, as well as their greatest promise. We can build, or architect, or code cyberspace to protect values that we believe are fundamental. Or we can build, or architect, or code cyberspace to allow those values to disappear. There is no middle ground. There is no choice that does not include some kind of building. Code is never found; it is only ever made, and only ever made by us » Lessig

III/ Which issues for « blitzscaling » in Europe ?



Which challenges for Europe ?

- Single digital market:
- <https://ec.europa.eu/digital-single-market/en/digital-scoreboard>
- European clouds
- GAFAs' taxation ?



Three pillars for the EU digital market :

1. Improving access to digital goods and services

The Digital Single Market strategy seeks to ensure better access for consumers and business to online goods and services across Europe, for example by removing barriers to cross-border e-commerce and access to online content while increasing consumer protection.

2. An environment where digital networks and services can prosper

The Digital Single Market aims to create the right environment for digital networks and services by providing high-speed, secure and trustworthy infrastructures and services supported by the right regulatory conditions. Key concerns include cybersecurity, data protection/e-privacy, and the fairness and transparency of online platforms.

3. Digital as a driver for growth

The Digital Single Market Strategy aims at maximising the growth potential of the European Digital Economy, so that every European can fully enjoy its benefits – notably by enhancing digital skills, which are essential for an inclusive digital society.

The EU ecosystem



- Digital technologies have a huge impact on business
 - Regulation of digital technologies is essential to promote the Tech for Good only
 - A balance has to be found between innovation and regulation
 - **Ex:** sandbox in Europe : innovation facilitators ; safe space in which companies can test their innovations with a flexible regulatory framework.
- **Complex issue at the crossroads of multiple challenges.**

ef.

How Entrepreneur
First works

What is EF?

EF itself is defined by three key things



EF's success stories

171 companies founded

Portfolio companies have raised over \$100M in venture investment from leading investors.

Major exits to date include:

- Magic Pony, acquired by Twitter for a \$150m
- Avocarrot, a monetization platform for mobile apps via native advertising, acquired for \$20million
- Represent, a digital marketing and social merchandising platform, acquired for \$100 million

Station F

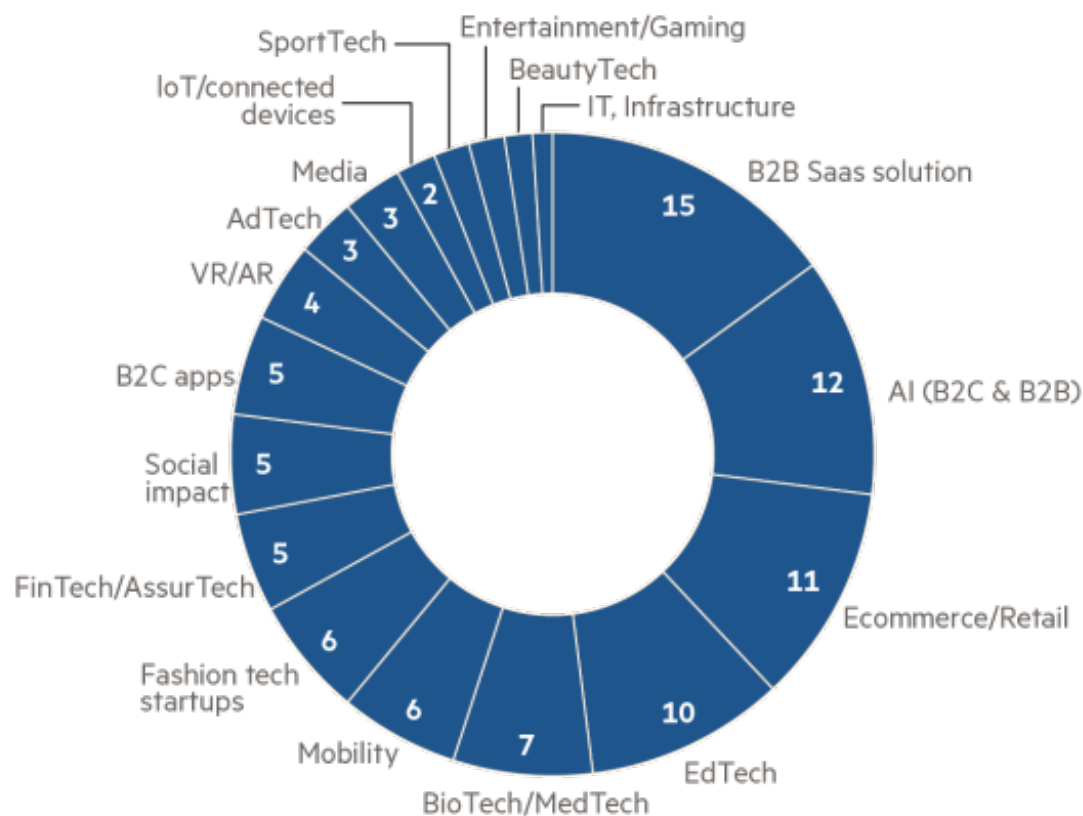
With more than 30 startup programs, 35 public administrations, 40 VC funds, 4 mentorship offices and 600 events per year, STATION F offers all the best resources and knowledge to help entrepreneurs grow their companies. You'll benefit from the community and meet other great entrepreneurs.



Represented sectors

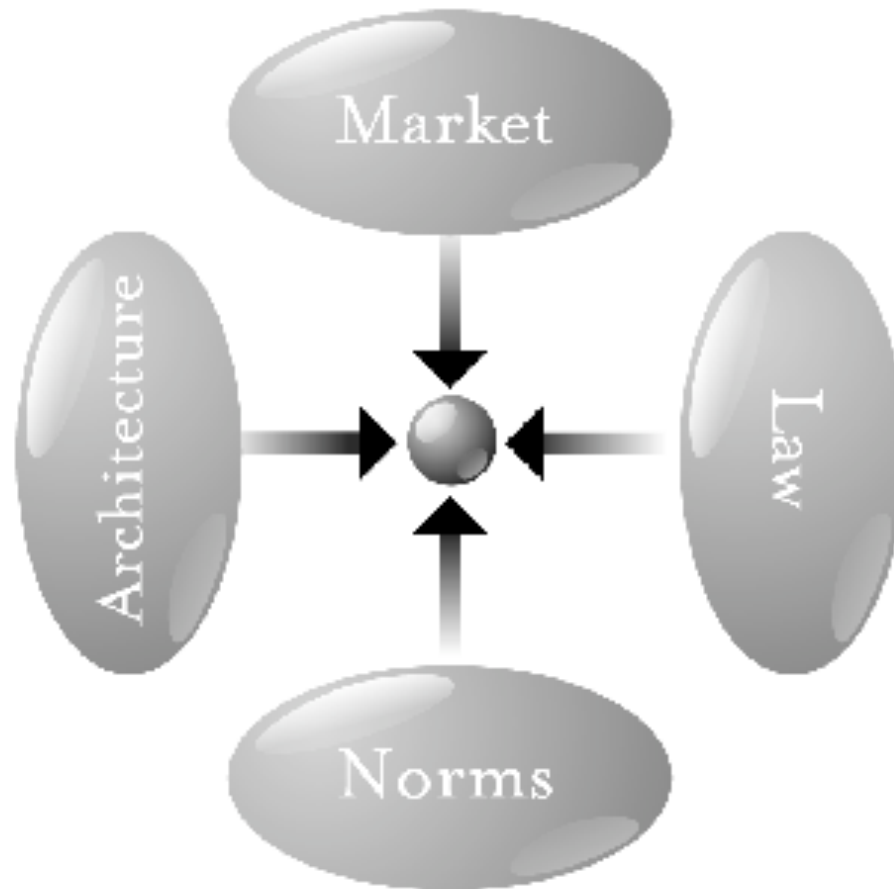
Most represented sectors

Per cent



Source: Station F
© FT

The pathetic dot theory



Fours forces of regulation



Lessig identifies four forces that constrain our actions: the law, social norms, the market, and architecture.

- The law threatens sanction if it is not obeyed.
- Social norms are enforced by the community.
- Markets through supply and demand set a price on various items or behaviors.
- The final force is the social architecture = features of the world, whether made, or found.

Focus : the singularity in a digital age

Future point in time at which technological growth becomes uncontrollable and irreversible, resulting in unfathomable changes to human civilization.

The first use of the concept of a "singularity" in the technological context was **John Von Neumann**.

He centered on the accelerating progress of technology and changes in the mode of human life, which gives the appearance of approaching some essential singularity in the history of the race beyond which human affairs, as we know them, could not continue.

Were popularized by Vernor Vinge in his 1993 essay *The Coming Technological Singularity*, in which he wrote that it would signal the end of the human era, as the new superintelligence would continue to upgrade itself and would advance technologically at an incomprehensible rate. He wrote that he would be surprised if it occurred before 2005 or after 2030.

EU initiatives



- Ethics guidelines for AI

Artificial Intelligence (AI) can benefit a wide-range of sectors, such as healthcare, energy consumption, cars safety, farming, climate change and financial risk management.

AI can also help to detect fraud and cybersecurity threats, and enables law enforcement authorities to fight crime more efficiently.

However, AI also brings new challenges for the future of work, and raises legal and ethical questions.

Seven essentials for AI :

Trustworthy AI should respect all applicable laws and regulations, as well as a series of requirements; specific assessment lists aim to help verify the application of each of the key requirements:

- **Human agency and oversight:** AI systems should enable equitable societies by supporting human agency and fundamental rights, and not decrease, limit or misguide human autonomy.
- **Robustness and safety:** Trustworthy AI requires algorithms to be secure, reliable and robust enough to deal with errors or inconsistencies during all life cycle phases of AI systems.
- **Privacy and data governance:** Citizens should have full control over their own data, while data concerning them will not be used to harm or discriminate against them.
- **Transparency:** The traceability of AI systems should be ensured.
- **Diversity, non-discrimination and fairness:** AI systems should consider the whole range of human abilities, skills and requirements, and ensure accessibility.
- **Societal and environmental well-being:** AI systems should be used to enhance positive social change and enhance sustainability and ecological responsibility.
- **Accountability:** Mechanisms should be put in place to ensure responsibility and accountability for AI systems and their outcomes.

Conclusion: how to become a tech continent?

- The EU has a huge capacity to « blitzscale » in the world and to become more powerful.
- The digital market has to be completed and the member States must take into account these challenges.
- More integration in Europe is absolutely necessary for being able to thwart the US and Asia.
- More flexibility in the rules of regulation is important for creating a more favourable ecosystem.
- It is an issue of political integration + balance between regulation and innovation

