

United Tech^{of} Europe 2021 VALUES

FRANCE  DIGITALE

DEBATS
PUBLICS

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CRAFTING
**A FERTILE
FUTURE**

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There is no need to predict
the future, because we can shape
it instead. We must come together
around a common cause
and a new way of working,
to build something entirely new.
We cannot satisfy ourselves
with changes to the existing world.
We must craft a fertile future.

MARIE EKELAND AND OLIVIER MATHIOT

INTRODUCTION

CRAFTING A FERTILE FUTURE

MARIE EKELAND is the founder of 2050, a unique purpose-driven venture capital fund that focuses on solutions for the future of the planet. After training as a mathematician and beginning her career in banking, in New York, she returned to France to complete her education and rapidly gravitated to private equity.

After a spell at the private equity branch of a French bank, in 2005 she joined Elaia, a fund specialising in the digital economy. In 2012, she co-founded France Digitale, and in 2015, the investment fund Daphni. In late 2020, she launched 2050, her own fund, with a focus on the future.

OLIVIER MATHIOT is the Managing Director of 2050. He first met Marie Ekeland in 2012, when they were co-heads of France Digitale. Olivier studied at the famous French business school HEC. He is best known for co-founding the website PriceMinister in 2001, and for its subsequent sale to Rakuten in 2010. He was the CEO of the company from 2014, and has been a serial business angel investor since before then. He has invested in more than 40 companies, at a wide variety of stages. He has always had a particular vision for the future of venture

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capital, and when Marie asked him to help 2050 scale up, it was the ideal opportunity for them to work together again.

* * *

We are delighted to introduce this collective work for United Tech of Europe 2021. The theme for this edition is Values, which is a subject close to our hearts. We are investors and believe that investing is more value-driven than people commonly assume. Our values inspire us on a daily basis. This is true for us as individuals, and this is true for us as a fund. This is true for each person reading this introduction, and this is true for the companies that they may be working for, or building from the ground up.

These values dictate what we do, and how we do it. They direct our actions and dictate what motivates us. Our values are fundamental. But what are they? Are we generous, committed, proactive, decisive? Are we kind, driven, open-hearted, selfless?

Not all of us have had the luxury of space for introspection, so if you have not already identified the values that drive you, stop reading for a moment, and try to identify what it is that keeps you moving forward. You have one life on this Earth. What are you trying to do with it? How do you want to be remembered?

There's no such thing as a crystal ball

Nobody can predict the future. We can do something much better: we can shape it. We act now, and the fruit of our actions is harvested in the future. What is better,

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‘predicting’ a harvest of apples, or planting apple trees? We can shape the future by acting now. We will briefly set out a few thoughts about investing and how we hope to craft a fertile future, before introducing the three parts to this collective work.

Marie often says she is taking action so that she can leave a better world to her kids. 2050 was born out of the belief that we as a society are in a phase of profound economic transformation, and that we have to be very careful and purposeful about the world that we are building. We are not stewards of what the previous generation left behind, we are the people whose behaviour will dictate what is left for subsequent generations.

What is a fertile future? We are heading towards ten billion inhabitants on this planet. There are very concrete problems in our future that concern adequate nutrition and daily health. What will productivity look like in the future? We are using the power of money to improve all of our prospects.

Olivier sees a part of his role as giving back by mentoring the next generation of entrepreneurs and business angels. Giving money is nothing new, and there are plenty of worthy causes and business foundations that do plenty of that, but a fertile future needs the seeds of ideas to be planted and to come to fruition.

We believe that our capitalistic society has lost its way to a certain extent. We have, with the best of intentions, monetised almost everything, and created corporate giants with

unimaginable hoards of wealth. The trickle-down theory of economics has been thoroughly discredited, and we see the limiting effects of fiscal policy everywhere.

We believe that being able to work with people who are aligned with our values is absolutely fundamental to changing this paradigm. People first is an excellent place to start, and we are building a people-centric future.

Looking beyond the horizon

Working with a focus on people means juggling different timescales. Institutional and private investors have personal and collective needs that exist over different timescales, and we needed to solve the conflict between these time pressures, and our desire to invest for the distant future, decades hence. The way we did this was to use innovative structuring to be the first fund to decouple investor liquidity needs from the fund's long-term needs.

This means that our investment horizon from the investment side of things is effectively unlimited. If the technology is expected to start being profitable from 2040, and we feel it is the right thing to do, we can go for it. We are not constrained by a lead investor's personal need to exit after seven or eight years, for example.

As for the fund itself, it is a *fonds de pérennité*, something like a perpetual, purpose-driven trust fund. There are liquidity distribution windows in our structure that allow exits and

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entrances, with positions being settled between exiting limited partners and the investors who are in-bound. Naturally, as true believers in this future, as believers in this way of financing things, we have significant skin in the game. We are dedicating 10% of our investments and a full half of our carried interest to digital commons.

The new New World

For us Europeans, the Silicon Valley is the heart of the New World, but things are changing. Environmental and social responsibility are becoming hugely important to today's consumers. Venture capital companies still have investment tests, and are updating them, but we believe this change to existing approaches is inadequate. We need to change completely.

These changes in values and changes in approach are visible in people's career choices as well. Talent seeks out purpose-driven work. People want to work with ethical companies, and people want to work with value-driven companies. You will see this theme recurring throughout this book, and if we and the other contributors are even half right, you will see this theme around you already, and, in a few years' time, it will be inescapable.

These changes are visible at the talent level, and at the investor level too. Private investors are now realising that the way they invest is no less an expression of their values than the way they shop, or the way they dress.

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We can see this next wave coming, and when it begins to break, it will change an extraordinary number of things. Companies need know-how to surf this wave, and they will need help with this know-how. How do we build products that are efficient by design? How do we code in an environmentally responsible manner?

From design to use to recycling and the circular economy, the whole value chain is being transformed. The ecosystem is changing. We understand this on a very deep level, and believe we have the knowledge to help others survive these changes, and to thrive in the ecosystem that lies on the other side of them.

Throwing back the curtains

Traditionally, intellectual property rights have been fiercely defended and closely guarded by companies. We believe very strongly in the digital commons, and that they are a way for creators around the world to add things together until they are much greater than the sum of their parts.

A recent example of this was Elon Musk open-sourcing all the Tesla patents. This was a strategic resource that he donated to the automotive sector, for no charge. Why would he do that? Because the future is better for Tesla with a strong electric vehicle ecosystem, and the best way to strengthen the sector is to ensure that it has what it needs.

This is an extremely powerful vision. It removes our need to predict the future, because we are actively shaping it. We

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do not need to anticipate trends because we are creating them. It accelerates human development dramatically. We hope the acceleration will allow us to take the steps necessary, in the time available.

Better horses

We have a very positive and optimistic vision of the future in general, but we cannot help but feel concern that so many warning lights are flashing simultaneously. Climate change, social inequality, access to clean water, access to health care, women's rights, diversity – less than 3% of venture capital money in the United States went to women over the last year – all of these need significant improvement.

The will of Europe, as a continent, seems to align with this future, with drastic accelerations in human progress. However, we need to make intelligent choices, and not just improve what we already have. Famously, Henry Ford once retorted, when asked why he was building automobiles, "If I'd asked people what they wanted, they'd have said 'better horses'."

E-commerce is currently all about better horses. Platforms are increasing in number, and competition is fierce. Buses and underground trains are covered in adverts for a variety of platforms that promise you your groceries within ten minutes. A full meal, ordered from a telephone and delivered within thirty minutes, is no longer enough, and we are being sold faster and faster satisfaction of our desires.

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To facilitate this capricious consumer behaviour, venture capitalists are hurling huge amounts of money at platforms that only make a substantial loss. This is not our vision of how to build a sustainable future, and we are pleased that so much of the young talent we see in the market today shares our vision, and not this consumerist one.

We have no interest in solving First World problems. If your Diet Coke is delivered in fifteen minutes, but you want it in six, we are not going to launch a platform to keep you happy. We are solving the problems of the world itself.

Despite this ambition, which we admit is a lofty one, we are very humble. We know what we can do, and what we cannot. We are aware that we cannot just roll out 'tech' to all four corners of the globe, and hope that everything will be fixed.

Moving targets and the next five years

What do the next five years hold? Unfortunately, grave danger and much work. The 2015 climate change target was a 50% reduction in emissions by 2030. It's now 2021 and since 2015 emissions are up 30%. We have nine years to reverse the trend, and it's currently looking like we are heading for an increase of 3-5°C.

We need to take a new look at this issue, and join forces in a new way, because whatever we've done so far has failed. We need to use the power of tech to help nature. We need

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creative and multi-disciplinarian people to tackle this, we need porosity between fields, to allow innovation to flourish.

For too long, de facto monopolies have been allowed to establish themselves in the United States in particular, and the application of anti-trust laws has left much to be desired. This is important because it does not leave any space for new entrants.

We are looking to change this, and our structure will help. Until now, the legal system and the financial system have been geared towards two types of outfit: profit, and non-profit. If you're after a profit, you go after the money, and the rest sorts itself out. If you're a non-profit, it's the same, but you're aiming to finish with nothing in the bank.

Our evergreen fund is a hybrid model. It's neither non-profit, nor does it fit within the traditional capitalistic model. It's a structural change of mindset for venture capital. This change of mindset is what we want to see all across the ecosystem, and all across the globe. Someone has to get the ball rolling, however, and we are happy to be those people.

As we move into the rest of this collective work, you will meet other people, who have similar – and not so similar – ideas. They all share one trait in particular: their values are extremely important to them. To close this introduction, we will introduce the themes and then let the contributions speak for themselves.

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Handing over to the future

The first part of this collection looks at the way in which our values manifest themselves in our democratic institutions, and how changes in the digital sector may affect the way the world looks. Our values underpin our democracy, which in turn dictates how we handle digital services, which now go right to the very heart of what it means to be a society.

The second part of this collection looks at hypergrowth, purpose, ethics, and inclusion. As tech has become a leading force in the global economy, rates of user acquisition and expansion have come under increasing scrutiny. Can we achieve hypergrowth and still contribute to societal inclusion? Can we have hypergrowth in an ethical company? Perhaps more fundamentally, why are we even doing this? What is our purpose?

The third part of this collection takes a look at some of the companies that are tackling the global issues that are threatening our collective survival as a species. Consumerism and growth have done untold harm to the world in which we live. What can we do about the plastics filling our oceans? What can we do to reduce the impact our consumer choices may have? Manufacturing any product comes at a price, especially when manufacturing at scale. How can we reduce that price?

The theme of values is deeply important to all of us, and we suggest that it is a universal concern. A universal effort will be needed to ensure that our future is a prosperous and safe one, for us and for future generations.

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We hope that when you have finished reading this collective work, you will have an overview of a wide variety of approaches to this fundamental question, and we hope that you will be inspired to behave in a value-driven way, and help us all to build the future we need.

We look forward to standing with you and working together to achieve our full potential and to build a fertile future.