

Below Maurice Levy suggests that the EU explores three main paths in the digital world: privacy, risk-taking, and collaboration.

Albert Einstein used to say that “imagination is more important than knowledge”. One can hardly agree more. By the same token, we cannot but deplore that Europe keeps missing the point in our digital age. Albert Einstein was a European and he had the knowledge, that’s a fact. More importantly, he has been pushing the limits of imagination, beyond the comfort zone and courtesy of the brutal power of mind. Fleeing the darkest times of Europe, his imagination served a country of pioneers and entrepreneurs: the USA. Today is no longer about the “40 acres and a mule”, or even about the USA, it’s about unleashing innovation on a global scale. Europe boasts magnificent assets but it still lags behind – it’s a call of duty for us all.

The digital tsunami we are experiencing is chiefly a behavioural landslide: the citizens & the consumers’ autonomy is gaining both pace and breadth. Unsurprisingly, insatiable *millennials* are spearheading this phenomenon, with the exponential growth of sharing means, devices, choice options, co-decision and therefore action – all this being both mobile and horizontal, as witnessed by the “peer-to-peer” mantra. Always-on and empowered, the citizen creates content, compares, blogs, rates, co-own brands or starts revolutions on social networks. Exit mass passivity, the digital era is that of sharing and instantaneity – and therefore of efficiency. With a mechanistic side effect: growing privacy concerns are the flip side of this improved efficiency. You buy online, you use a GPS-based service; and as a result, the NSA and tech firms know a lot about you, your habits and your networks. Potentially forever; unless a right to be forgotten is enforced.

From a bird-eye’s view, what are the broad lines of these moving parts? First, the unprecedented pace of changes. 5G technology is beta-tested in Korea when 4G is not yet fully rolled out in Europe; technological leap-frogging means that emerging countries skip the desktop and go directly mobile. Second, boundaries vanish: geography-wise but as much as important, for businesses and organizations. Hence a massive business disintermediation across-the-board. Third, life and death cycles of businesses are redefined. Some people might say that this is the name of the game: Juglar’s cycles, Schumpeter’s creative destruction or Kondratiev’s waves. Except that Digital appears to be a very different animal: large incumbents can be out of business overnight and garage start-ups can top the S&P500 in just a few years. Instagram’s or Whatsapp’s developments were light speed. Fourth, the almighty power of new players. The initial public offering of Alibaba, the Chinese e-commerce company, dwarfed previous tech IPOs by closing at USD229bn on first day of trading.

No European economic sector will be spared by these long-lasting trends; all companies will have to face the brutal impact of disintermediation: financial services, tourism, transportation, and all forms of commerce. Think about Uber (the ridesharing service that connects customers with drivers of vehicles for hire), think about Airbnb (a website for people to rent out lodging), think about Indiegogo (the international crowd-funding site), and think about all the sharing economy’s daily innovations that can disrupt a whole industry. In the case of mobile, traditional manufacturers like Nokia have had to compete with tech firms (Apple, Samsung and Sony), platforms (Google, Amazon) and even start-ups like Wiko. Bottom line, it’s all about the person that will ultimately match the customer’s leading needs – the backyard psyche is dead. To secure relevance usually means to innovate as an entrepreneur – and you better be a first-mover in this digital world that wipes out the prerequisite in terms of scale and financial firepower. As the saying goes, attack remains the best form of defence to stay in the game.

As a result, the digital transformation calls for us, we Europeans, to reinvent and to invest massively in order to secure our future in a globalized economy. Today’s leaders are North American and they built their supremacy over a decade. New pioneers – Alibaba, Tencent,

WeChat, Weibo, Renren – are Chinese and could catch up in no time, given their huge funding capacities that are backed by both the power of the State and the humongous size of the domestic market. Make no mistake, a race is on: a race for data & intelligence. It is about data flows and therefore about digital “pipelines”. A single datapoint encapsulates it all: a Facebook account allows you to log into c.80% of the most popular mobile apps.

In front of this North-American dominance and this Asian fast ramp-up, Europe unfortunately lags behind, and it has been unable to produce a single blue chip platform company. This is unlikely to change in my view: where are the rollercoaster investments that will shape our world? Apple just inked a deal with Visa/Mastercard/Amex that will turn the iPhone 6 into a mobile wallet. Amazon, Google and Facebook will all invest in drone capacities for super-fast and mass delivery. Where are the Europeans? The Galileo GPS system is a first step but what about the corporates and the platforms?

At any rate, Europe does not lack the talents: brilliant European engineers are countless in the Silicon Valley. Besides, some European companies could instantly become key digital spearheads: Schneider Electric, Vodafone, SAP ... and Publicis as well. However Europe as a whole does lack imagination and inspiration. Truth be told, it is not fully prepared to support such a sharing economy. Admittedly, we have a nascent Blablacar – the largest car share service in Europe connecting drivers who have empty seats with people looking for a ride – that could be the next big thing after Airbnb and Uber. But let's not see the forest for the trees. The digital transformation is not about digitizing your off-line world using fancy hash-tags and trendy 2.0 concepts. The digital transformation is about a “datafied” world, about thinking data and mastering data. Europe is still far off.

Yet, will we give up or rather never say die? Of course not.

Lots have been done to promote a Digital Agenda in Europe, and the European Commission has been truly instrumental. Europe is investing in key infrastructures: interoperability, single market, broadband, and literacy. We're already further down the road: major progress on fast broadband, roaming and Internet usage; more modest progress for SMEs selling online or online cross-border buying. This is encouraging. However, this will not fix our pressing need of a vision. Again, imagination.

As the Digital Agenda continues to make progress in Europeans' service, I would humbly recommend concomitantly exploring three paths going forward.

The first one regards an instant competitive edge we can have: **data privacy**. Big data are already everywhere: phones, watches, cars, houses, clothes. And this is just the beginning: according to IBM, 90% of all available data have been produced over the last two years. Big Data implies the three-dimensional challenge of the “3V”: volume (more data generated, by more devices), variety (everything keeps changing, think about your Facebook account settings) and velocity (the latest piece of news is always the most worthy). As a result, the update challenge for individuals and corporates is daunting.

With them come tracking and data measurement that are most and foremost in customers' service. This also raises overwhelming privacy concerns. For cultural and historical reasons, Europe could be seen as a safe berth for corporates – mainly non-US – deterred by US or Chinese monitoring. This is not a philosophical position, this is a hard cash opportunity when US cloud companies would lose USD22bn-USD45bn over the next three years following the NSA scandal, according to the *Information Technology and Innovation Foundation*. Digital calls for a previously unseen horizontal transparency. While the digital bargaining power is asymmetrical – Wikileaks could publish tomorrow a company's board minutes – companies will have to be able to justify what they do, at any time and in public. On that front, Europe has a tremendous ace up its sleeve.

The second one is about **risk-taking**, another way to call “imagination”. Just like for the confidence we painfully need in Europe, risk is not something you ordain. You can mitigate, balance and diversify risks but risk-taking is a mindset. First, schools: European business

schools are highly regarded globally but young generations' exodus keeps going. Second, entrepreneurs' ecosystem: Europe boasts no equivalent to US incubators (such as Y Combinator) or venture capitalists (the US scene is unmatched despite some European initiatives such as Iris Capital – Orange/Publicis joint venture which is the largest fund in Europe); hence missed positive externalities. Third, corporates: the old dichotomy incumbents/start-ups is dead when blue chips are replaced by data-driven models overnight. It means that entrepreneurship must be fostered and rewarded – organizations should be able to nurture innovative pockets internally. This is not enough the case currently and it's our task within corporates to change mentalities.

To keep a fresh look means three different things, in my view. First, keep a flexible, open and clear-headed mindset: Sony – the designer of the Walkman – should have invented the iPod, but it's easy to ignore new digital "truths". Second, try and learn, while celebrating a right to fail. As this proves counter-intuitive to many European companies – especially French ones – we are structurally hampered in a digital age. Third, be a team player. To a large extent, Big Data is all about Smart Data, and the more brains the merrier. Without any doubt, this will be about teaming up with US Web giants, but this is also an opportunity to ramp-up European collaboration.

The third one is precisely about **collaboration**, or the collective push of an ecosystem. I am a strong advocate of the market economy, I extol risk-taking and therefore individual initiatives. I've always been wary of government-driven temptations to foster, organize or ramp-up a sector of the economy. That said, I cannot but acknowledge that a very small country, as populated as a French region, managed to impose itself at the forefront of global innovation. To such extent that high technology goods and services now account for about one-third of GDP. This country is Israel, as you already guessed. At first, there was an agreement between universities, industries, start-ups, and most and foremost venture capitalists. All this being backed by the State: no out-of-pocket penny but the guarantee of investments for some time. To say nothing of the army that, early on, took very seriously cyber war, data protection and the importance of dedicated labs. With one distinctive feature: compulsory military service and, for the most brilliant the cyber intelligence unit 8200. Likewise and despite traditional caveats on bureaucracy, one EU initiative could create a dedicated agency in order to promote and retain talents, to unleash start-ups' innovation and to secure large and steady capital inflows. Who knows, we might see in due course a European platform coming to the surface.

I am an optimist and, as such, I am confident that, in this digital era, Europe will play a role that is commensurate with its weight but, as importantly, with its vision of the coming world. Paradoxically, it is the legacy of a dreadful 20th century in Europe: to pave the way for indispensable checks and balances. Democracy & prosperity 2.0 maybe. Hopefully.

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