



e-G8 FORUM

## **e-G8 Forum Summary**

Paris, May 24-25 2011

### **Plenary Session V: Fostering Innovation—How to build the future**

#### **Key Findings**

- **In our business environment, outsiders always challenge incumbents, but we must beware of governments always protecting the incumbents.**
- **The future of the Internet isn't here at this conference. It's going to come in from the outside.**
- **Setting up a tech company is harder in Europe than elsewhere, because the regulatory system still differs from country to country within the EU.**
- **Russia now boasts the two largest tech companies in Europe, so they must be doing something right.**
- **Just as in book publishing, record labels are also about to become valuable, due to the value of their back catalogues.**

#### **Synopsis**

As a business and creative environment, the Internet is characterized by a dynamic in which innovative outsiders take on incumbents. It is "foreigners" who have come up with most of the challenging new platforms and innovations, and start-ups who have stolen a march over established major players. By nature, governments tend to come down in favour of incumbents, protecting their market domination and traditional approach. It is a habit. But we should aim for minimal governmental interference.

While the principle of protecting copyright is beyond dispute, the current architecture of regulation is outmoded: protocols invented in the 19<sup>th</sup> century are now longer applicable or practical in the 21<sup>st</sup>. We need to find new ways of raising revenue. The recent report published by Professor Hargreaves for the UK government made an important contribution to the debate, by exploring



practical measures for raising revenue, without getting unnecessarily tangled up in the moral issues around copyright evasion.

Enforcement measures in force for tackling piracy and copyright evasion in some countries, including France (“three strikes and you’re out”) are similarly contestable, because they are seen as running against the spirit of the Internet.

It's increasingly cheap to launch an internet company. But in Europe there are significant issues with the limited size of each national market and different legislation, data protection and fiscal policy. This limits the expansion of small tech companies. The two largest internet companies in Europe are both Russian: Yandex and Mail.ru. Perhaps not coincidentally, there is a light administrative touch in Russia that favors expansion. Although no Russian tech company seems poised to launch inside the EU, there is a wider international market of Russian speaking net users, doubling effective client base from 150 to 300 million potential users.

The music industry may soon see a new rush of revenue. Just as has been happening in the book publishing industry, back catalogues of the old school record labels are now becoming very valuable.

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### **Session Panelists**

**Eric Besson**, Minister of Industry, Energy and the Digital Economy, France

**Lawrence Lessig**/Professor, Harvard Law School

**Xavier Niel**, Founder & Chairman, Iliad

**Yuri Milner**, CEO & Managing Partner, Digital Sky Technologies

**Sean Parker**, Managing Partner, Founders Fund

**Niklas Zennstrom**, CEO and Founding Partner, Atomico

**Charles Chao**, Chairman and CEO, SINA Corp.

Moderated by:

**John Gapper**, Chief Business Commentator, Financial Times

The view expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the e-G8 Forum as a whole.

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**Wednesday May 25, 2011**