LUC-FRANÇOIS SALVADOR

Executive Chairman for Asia-Pacific, Capgemini Group

Nicolas Barré, Managing Director, Les Echos

Thank you Mr Chairman, I agree with you, it is hard to know what Jeff Bezos is going to do with the Washington Post, but I am sure he will have very smart ideas; I am really convinced of that.

Next, Luc-François Salvador, we are going to stay in Asia for a while, because you are running the operations of Capgemini here in Asia Pacific, so what is your take on what big data is changing?

Luc-François Salvador, Executive Chairman for Asia-Pacific, Capgemini Group

Good morning to all of you. It is my turn as well to thank you and pay tribute to Thierry de Montbrial for organising such a magnificent event.

Big data, you rightly pointed out, is about big. Just to add a few numbers to what you showed us, 90% of present data has been created in the last two years. If we pile up all the data on a CD-ROM we would be going above and beyond the moon. The most interesting part of it, my precedent panelist explained that in China we only use 1% of the possibilities, but even in the world of corporate enterprise, we only use 12% of present data. One could imagine what will happen the day we will get to the 100%.

Some definition to understand where big data is bringing us to. First of all, Big data is not that new. The first time we started playing with the concept of big data was in 1993, in fact when Netscape was created. The reason why things are happening now is that to the techniques of big data and analytics we added new techniques of storage, of access to information, and this is why it is taking place. In fact, it is bringing us to a new world. A lot of us in this room come from an era where water was free and when we wanted to listen to music we had to buy an LP. When we say things like that to a kid today it is kind of a surprise to them. In fact, that era was an era where we were trying to describe things, what has happened, and to establish a diagnosis, why did it happen. Today we are in a world of predictability, what is going to happen? Let me just give you an example. Google surprised the Atlanta Centre for Disease Management because they predicted the flu that was going to take place in winter 2013 on the day it happened and it took the Atlanta Centre for Disease Management two weeks to do it. Just by collating and analysing the data. In marketing now, people are going a step further. Once you predict something, how do you make sure it is really going to happen and what do you do to make it happen?

As you rightly pointed out for the moment it is a US game. We collate in our industry GAFA, Google, Apple, Facebook and Amazon. This game is bringing major changes. We saw the first change coming with the digital wave. Today we see a new wave with the big data and the analytics and the change in business model is so huge, so impacting, that the latest numbers we have today at hand is that 47% of the world workforce is today in an organisation, in an enterprise, that will be impacted or is undergoing transformation due to the analytic and the big wave.

A very simple example that everyone knows today is the hotel industry. In the past the profits would be located where the room is located; today 70% of the profit of the hotel industry is in the platform. You give money when you sleep at the hotel today, but in fact you give money to booking.com and we see a lot of those changes in business models.

Behind that beginning we had Google, which is the G of GAFA. Google has taken a 90% market share in Europe, while 68% in US. Interestingly enough, in Asia countries have their own solution. Korea has its own solution, Naver. China has its own solution with Baidu. Russia has its own solution with Yandex and in each one of those countries where a

local solution has been promoted we can see that the positions are defended. One can regret, and it is my case as a European, that Europe did not find the ideas or the political determination to get there.

In this revolution we see that there are three big concepts playing. One is the battle for the client, or you could call it the battle for the citizens. With those new platforms, whom does the client belong to, to come back to my hotel example? Today a client who wants a room belongs to the platform, not to the hotel organisation anymore. We see growth in what we call hybrid companies, where all industries are going to the services. In the past the B2B industry felt they were protected because they were in B2B, today clients are demanding more and more tailored services and we see examples where car manufacturers tomorrow will sell transportation and mobility services by the hour or examples like that.

We see a disruption of the value chain. We are going from a world of vertical to a world of ecosystem. If you are a car manufacturer today you will have to sit down at the table with insurers, with platform providers, with mobility services providers, with technology providers, and even with cyber-security specialists. Carlos Ghosn, the CEO of Renault, was telling in a conference that what prevents him from sleeping is the fact that hackers could take over 200,000 connected cars in the future and ask money for that.

There was a question raised by Nicolas Barré in the presentation, which was, is it a world of US technology or is it a dual pole, i.e. can it be between China and the US? I want to say to Nicolas, at least it is my conviction, the answer is in the question. When we see what is happening in China, China has some strengths and some weaknesses, but if we look at the strengths, when you know today that just in instant messaging we are speaking of a volume of 830 million users every month, it tells you where we are. When you know that Alibaba, previously mentioned, started elaborating a strategy of investment in India with billions of USD, and if you start computing the size of the Indian market with the size of the Chinese market with the fact that it is only a small proportion of those markets that are being exploited, it says that BAT would be part of the winning and the leading team.

Now let us be clear, they are on the fight but they have some weaknesses as well. The US has started working on designing master plans for big data some time ago now, more than three to four years ago. China is only discovering it. There was an interest at the latest National People's Congress for the big data issue and this address by the way did show one of the weaknesses of China. Big data works when you are in the transversal, in China a lot of this information is in silos, protected, and sometimes defended by administrations who do not always speak to each other. This is a main weakness. We see an interesting experiment in the Guangdong province where the regional government was the first one to edict a big data strategy while at the same time you see the US moving and federating NSF, NIH, Department of Education, Department of Defense.

What makes the strength of the US position for the moment, and I am not saying that; it was spelled out by Chinese scholar Chen Mingqi who is chief officer at administrative office of the Chinese Academy of Science, he pointed out that from the beginning the US recognised big data as a country and strategic asset. In China, as I was saying, only the Guangdong province has looked at it and the ministry of technology in China put it on the table only in March 2014, eight months ago. The US have to force their techniques around storing, delivering, processing, application, those fields, this remit is a bit new to China and they are late there. The US federal government pushes action for the public to use and to get the benefits of public data, of open data policy. Regulations in China make this a bit difficult. Finally, the US gives a lot of attention to the importance of its industries. China as well has made ground there; it is true in the telecoms industry, in commercial banks; it is true with Tencent, Alibaba and Baidu.

One regret, of course, is that Europe is weakened by a non coordinated policy approach. We have in Europe something like 29 different regulations regarding this world. Even if they are close to each other, we do not have players who could play against GAFA or against BAT.

The questions we can raise, given the amplitude of the wave and the revolution, are about the role and the importance of data protection as part of international relations, which is a field which is open today. It is about improving the effectiveness of people's rights to protect their own data and private life. On the role of data protection in international relations we could put three questions on the table. What are the most critical issues? What values should we promote as part of this debate? What answers should states or international organisations bring to this question?

Regarding people's rights to protect their data, people progressively realise the scale of the data collection and the might of the Internet giants. How can an individual citizen act against a giant? It is interesting to look at the latest legal proceedings in Europe. What should be the role of civil society? Do the individual rights offer real protection of individual freedom, privacy, and intimacy? We know that this question is, or at least the answers are, challenged. How to ease the implementation of these rights from the law, from a technological or a political perspective, so that each citizen becomes a true actor of data protection?

This being said and in conclusion we can see different areas of impact of that revolution. We can see that there is major disruption in different segments of our lives. Whether as citizens, as employees or as private consumers, individuals, privacy, let us face it, is disappearing, whether we like it or not. Half of the workforce operates in an environment which is going through disruption. Sir, you were speaking about a skilled force, it is interesting to note that economists predict four million jobs in 2015 in that world, of which only one third are filled. Then, as we know, individuals' liberties are confronted with security requirements and public control.

There is something which is specific to us in Europe. After 1955, the Second World War, a lot of the welfare systems and retirement systems were based on solidarity and mutualisation. One issue we could forecast with big data is that today it costs less than USD 1,000 to have a DNA analysis. In a few years, not to say in a few months, it will be less than USD 100. Therefore, once you have your own personal DNA information, you can very much customise your treatment, even predictive treatment for predictive illness, which could kill this mutualisation welfare system. It is going to create a major challenge for at least continental systems.

At the same time, as you were saying, Sir, the expected benefits are immense. You spoke about the improved public services administration in Korea. If you are interested by this topic, go and visit Singapore, it is also what they do there. In disease treatment, in predictive health, in health in general, there will be major progress. In urban capacity planning, smart city management, there will be as well huge progress, which is an issue for us. More than half of the world population today is living in cities and that ratio will increase. We will see 40 million people cities in China in the next 10 years. Another benefit is accessibility to higher education and so on.

The topic is so vast and so huge that one has to be humble, so I hope the angles I looked at were of interest to you and thank you for your attention.