

# The Real Impact of Digital on European Society

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## ABOUT THE CENTER FOR DATA INNOVATION



The **Center for Data Innovation** is a non-profit think tank studying the intersection of data, technology, and policy. The Center's mission is to educate policymakers about the opportunities to use data-driven technologies to promote economic growth and societal progress.

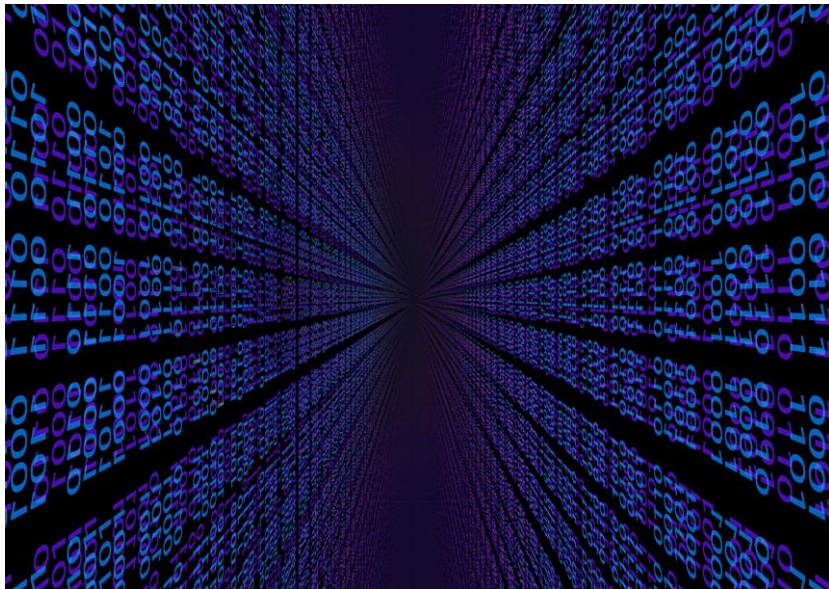
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# WHAT IS DATA-DRIVEN INNOVATION?



New technologies have made it easier and cheaper to collect, store, analyze, use, and disseminate data.

Data-driven innovation combines data with software and hardware technology and allows us to: Better understand our world, make better decisions about it, and implement these decisions. This allows us to address challenges in areas such as: Business, education, health, public administration, environmental protection, transport, energy, and security.

# WHAT IS DATA-DRIVEN INNOVATION?

Performance tracking  
Mobile retailing Health monitors  
Online courseware  
Customer data Monitor the environmental  
Social networks  
Genomics Navigation  
Smart manufacturing  
Monitor crop-yields  
Monitor human-rights abuses

More complete and up-to-date data about more areas of activity can yield new insights. Big-data derived intelligence about an entire patient, user, or customer dataset will help design better solutions.

Smart objects connected to the Internet of Things and new business and service delivery models can provide new kinds of services and make possible what used to be luxury.

By 2020, there may be 50 billion connected devices, contributing up to \$11 trillion in value per year globally by 2025. McKinsey Global Institute estimates that innovation using big data could save Europe's public sector more than €100 billion annually.

## OVERVIEW

- Consumer adoption doesn't (necessarily) help productivity.
- Does Europe fear economic and disruption and cultural obliteration?
- Europe's contradictory policies on the data economy.
- Let the market work and manage impact.



## CONSUMER ADOPTION DOESN'T (NECESSARILY) HELP PRODUCTIVITY

- By 2018 67 percent of Europeans will have a smartphone (U.S. had 75 percent penetration in 2015).
- But Europe's investment in IT lags. In 2000, Europe invested 80 percent as much as U.S. After 2011 57 percent.
- Annual growth in European productivity was only 1.6 percent between 1995 and 2004 and has averaged only 0.8 percent since then.



# CONSUMER ADOPTION DOESN'T (NECESSARILY) HELP PRODUCTIVITY

But Europe has not gained from corporate / consumer ICT investment because:

- EU businesses don't have economies of scale to start with. EU firms are too small.
- EU markets are fragmented. Services are 70 percent of EU economy – but no real single market in services.
- Management capital – enterprises and business models have not been redesigned around ICT.
- EU regulators and politicians are hostile to some of the potential reorganisation.
- EU private sector productivity grew at 1/3 rate of U.S. between 1995 and 2007.



# DOES EUROPE FEAR ECONOMIC DISRUPTION AND CULTURAL OBLITERATION?

- Fear of economic disruption:
  - EU Commission.
  - National Competition authorities.

...leading to actions by national regulators against platform businesses and against perceived competitive threats.





# DOES EUROPE FEAR ECONOMIC DISRUPTION AND CULTURAL OBLITERATION?

- Fear about impact on culture
  - Walter Benjamin *Work of Art in the Age of Mechanical Reproduction* (1936) – mass production of art uproots it from ritual and replants it in politics.
  - *Dialectic of Enlightenment* Max Horkheimer and Theodor W. Adorno (1947) and the “culture industry” – “Enlightenment as Mass Deception”.
  - Ariane Mnouchkine: Disneyland Paris will be a “cultural Chernobyl”.
  - L’exception culturelle – introduced into GATT
  - French tax on cinema sales to assist French cinema.
  - French radio has to broadcast 40 percent French.



## EUROPE'S CONTRADICTIONARY POLICIES ON THE DATA ECONOMY

- Digital Single Market.
- National policies to promote smart manufacturing / data innovation.
- Competition concerns and actions.
- National regulations that restrict new business models.



# LET THE MARKET WORK AND MANAGE IMPACT

- Realise that technology is profoundly liberating for the individual and for whole societies.
- Policies that reduce or disrupt data innovation are not the solution.
- Allow disruptive technologies, entrepreneurs, and new business models to do their work.
- Recognize / address the impact / potential impact of economic disruption on individuals.



THANK YOU!



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