

## We want Google to be an engine of entrepreneurship in Europe”

Éanna Kelly, Science|Business

**The search engine giant will dramatically increase its investment in European start-ups and skills in 2015. Prospects are good, but there must be broader acceptance in Europe that some ventures will fail, says David Drummond, chair of Google Ventures**



David Drummond, Google's Senior Vice President,  
Corporate Development and Chief Legal Officer

When Google looks at Europe, it sees many tech ponds to fish in. Start-ups across the continent are increasingly successful in raising money, and this has not escaped the American internet giant, said David Drummond, the lawyer hired by Sergey Brin and Larry Page, Google's co-founders, to incorporate the multi-billion company in 1998.

Over the course of last year, investors ploughed a record €1.2 billion into London-based technology start-ups. Other technology clusters did well too, Drummond observed. There was 180 per cent more money for new companies in capital markets in Madrid compared to 2013; investment in Berlin was up 140 per cent.

With the listings of Zalando and Rocket Internet in Germany, 2014 was a year when ambivalence towards tech initial public offerings (IPOs) in Europe disappeared. The two join Spotify, SoundCloud and Supercell. “These companies left us with an optimistic view of Europe,” Drummond said.

**Such trail blazers are the spur for Google's new strategy of investing in European firms. “We want Google to be an engine of entrepreneurship in Europe,” said Drummond, speaking at an event hosted by the Lisbon Council in Brussels on Monday (19 January).**

### New fund

The vehicle for doing this is Google Ventures, the company's investment arm, which set up in Europe in July last year. This arm of the fund originally put aside €86 million for European tech companies. The kitty was then topped up to €108 million, as, “A clear sign we believe there's good investments to be made,” said Drummond, who is chair of the fund.

The fund, managed in London, does not want to challenge the existing players of the European tech investment ecosystem. Instead, it wants to partner with them, add value to both start-ups and co-investors, and of course generate significant return on investment. Drummond suggested that the fund is looking to invest in mature start-ups that are close to a trade sale or IPO.

No area of technology is off limits. To date, Google Ventures, which operates independently of its parent company, has made 250 investments. Most of this has gone to Silicon Valley companies, with

investments including Uber, the taxi app company, and the smart thermostat and smoke alarm manufacturer, Nest.

### **Bridging Europe's skills gap**

The other part of Google's strategy for Europe is investment in skills. "We will provide thousands of hours of mentoring to budding computer developers," Drummond said.

One scheme it is backing, Activate in Spain, offers online classes, or MOOCs. To date 150,000 people have signed up.

Google has a presence on 23 university campuses in Spain, offering five free online courses, in electronic trade, applications development, cloud computing, data analysis and digital marketing.

Another initiative is a new Google campus, or incubator, in Warsaw, where entrepreneurs and start-ups will have access to mentors, other local start-ups and Google teams, said Drummond.

If there is one thing Google hopes to instill with these investments, it is broader acceptance in Europe that some ventures will fail. "In the US, I know VCs who tell me they get nervous if an entrepreneur they're looking at hasn't failed," he explained.

Google also has campuses in London and Tel Aviv. Its London location attracted around 100 start-ups within a year of opening in 2012. Other campuses are due to be set up in Madrid; Sao Paulo, Brazil; and Seoul, South Korea.

### **Build your own Silicon Valley**

Politicians who routinely travel to California for a sprinkling of Bay Area stardust could do more to improve the investment climate at home, said Drummond.

It is not easy, but building a tech hotbed can be done. A world-beater now, Silicon Valley was once famous for its "apricots, plums and strawberries" rather than its tech, he observed.

Drummond also suggested the magnet of California is not as strong as it once was for young entrepreneurs. "Ten or fifteen years ago people were going in their droves from Europe to Silicon Valley. You don't have to do that today," he said.

### **Political strife**

Drummond's investment news will be welcomed, despite growing tensions between Google and various European governments. The company's stranglehold on the Internet has convinced many politicians, not least members of the European Parliament, that companies and consumers need protection from its dominance.

There is a strong denial from Drummond to the idea that the company needs to be broken up. "Concerns are overblown," he argued.

While Google has than 90 per cent of the market for web searches in Europe (in America it's 68 per cent), it is "trivially easy to use another search engine," he said. Smartphone apps, which make it easier to bypass Google's services, are chipping away at the company's dominance too.

Drummond also argued that the controversial 'Right to be forgotten' rule should be applicable only to the company's European websites. The ruling followed a decision by the European Court of Justice last May, which determined Google must accept requests from private individuals wanting old, irrelevant or outdated information removing from Internet searches for their name.

"It's our strong view that there needs to be some way of limiting the concept, because it is a European concept," Drummond said.