INTERNATIONAL STRATEGY AND INFLUENCE MAGAZINE

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AT HOME WORLDWIDE

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SUMMARY

FOREWORD

by Christophe Bisson, Ph.D., Scientific Director of MSc International Strategy & Influence

"The world appears to be increasingly geopolitically fragmented around two superpowers, i.e. USA and China, which are also the leaders in Digital technologies. This year, Artificial Intelligence (AI) has made a great leap forward through large language models and related products (e.g. ChatGPT). And after COVID 19's impact on digital transformation, it is accelerating much faster. Furthermore, everywhere in the world, global warming effects are becoming ever stronger, forcing countries to adapt as a matter of emergency.

In this context, it is more important than ever to revisit governance and strategies that lead to anticipation and agility, which require new approaches and new tools.

It can be construed that boundaries between past, present and future are converging. But this convergence can be observed in different scientific fields as well. Therefore, it is crucial that an ecosystemic and dynamic approach be implemented in public and private organisations to continuously gain insights, and remain fast and nimble.

Business models must be honed constantly, and strategic grids require not only a consideration of direct market forces, but of all forces that can impact ecosystems, such as the ones that can influence all stakeholders. AI and digital technologies are central for the betterment of humankind and to obtain intelligence that enlighten strategies leading to sustainability.

Therefore, the MSc International Strategy & Influence (ISI) has been designed to address these challenges with three pillars combining robust theoretical knowledge with practical tools and methods within the same curriculum, encompassing Strategy, Influence (Non-Market Strategy) and 'Economic Security' (one of the two topics proposed in the spring semester, with 'Strategic Consulting'). The whole is augmented by the power and intelligence of machines, as we have co-created a comprehensive course and partnership with Digimind (leader for social listening platforms and market intelligence software; now an Onclusive company) and designed an innovative Low code/No code AI course for strategy and competitive intelligence (using the Microsoft platform), during which our students are equipped with all AI fundamentals.

Our lecturers are consultants from leading companies, directors of multinationals and academics who carry out research and train top executives on a global scale.

Our students are recruited globally and have different backgrounds ; they can use innovative strategic grids that factor in all impacting market factors, evaluating and representing them through the use of the 'Stratbrain' platform; the same platform can potentially be used to evaluate, using AI, the weight of some variables in bigdata, making forecasting and optimising calculations, and to call on experts regarding other types of variables, and thus be able to create highly accurate future projections, helping to deal with full strategic issues.

Here, to cope with major challenges for society, humans alone or machines alone cannot address the full spectrum of strategic issues. The "magic formula" lies in knowing how to mingle machine and human intelligence in the most effective way to address flows and interconnections in the ecosystem and deliver augmented strategies in a sustainable way. Furthermore, I strongly believe that all nations will have to converge one day as united nations, as we did with the European Nations, if they want to be able to address their issues.

To illustrate these topics, I am delighted to present the third magazine of the ISI programme. In it, we have included several articles written by our students as well as interviews with business leaders, diplomat and alumni.

Have a good read!"

Christophe BISSON, PhD

Interviews

By Ms Marie Phan Thanh and Ms Agathe Labouret –
MSc International Strategy & Influence students

Ms Elsa Chai – Cofounder of OpenClimat | Nota Climat

After graduating from a Business School, Elsa worked for six years as a strategic consultant, specialising in climate resilience and sustainable development.

▶ You were working in the Big Four companies. How was your experience and what pushed you to change?

My experience as a strategic consultant was an amazing way to learn. Being surrounded by seniors in all sectors, I gained a lot of knowledge in various domains. I was also able to work with departments in charge of sustainability and on CSR topics. It happened quite naturally. I had a wake-up call after 'la fresque du climat'. I am convinced that awareness, information is the pre-requisite before implementing concrete actions. There is a need to clarify and democratise information to make climate action a global fight.

▶ How did Nota Climat and OpenClimat emerge? What is their aim?

During my years as a consultant, I identified several risks that were growing for companies: physical, regulatory and even consumer behaviour changes. These changes were (and still are) a threat for existing firms but also for newcomers – and therefore a huge lever to activate to accelerate action. I observed that, on the one hand, consumers have a huge impact on companies to trigger change, and on the other hand, they did not have the information to differentiate responsible companies from ones that are not.

Nota Climat is an open-source app comparing brands based on their actual climate trajectories (whether they are compatible with the Paris Agreement). OpenClimat is a platform centralising companies' climate information – making it harmonised and comparable from one company to the next.

The platform is useful for businesses as much as talents. In B2B, it helps firms to share information and show good practices and what really works. In B2C, it brings clarity to all citizens, especially talents, and helps them understand companies' climate approach in an accessible and easy way.

▶ Do you believe traditional Business Models are those best suited for the needs of an environmental transformation?

There is a need for organisational change, to rethink the KPIs a firm needs to acknowledge when

making decisions. Finance can no longer drive all decision processes. Sustainability indicators need to be at least as important. This change is already happening marginally, but it should be applied by all companies; internal change is necessary.

Pressure points from all sides (investors, banks, consumers) are growing; they are starting to demand accountability on the sustainability of the business. Pressure from retailers is following: suppliers must be aligned with the objectives set by the retailer (e.g. Carrefour). Consumers are losing interest and moving towards more responsible offers, which help to change the practices of companies. With pressure, firms have now a business interest in making things happen.

Also, sobriety is a key driver of change in business models. For example, reinventing models around circularity.

Leaders have a role in paving the way towards this systemic impact. There is a momentum to seize. Companies that make the shift quickly are the ones that have the best chance of survival in the future.

▶ What are the needs of the industry to reach the IPCC objectives?

Companies need to have a view of their current footprint i.e., measure their global carbon footprint to identify the main sources of emissions. They need to set objectives and an action plan along their value chain, including on suppliers' management, raw materials, logistics, end of life, and more.

Internally, the culture within the company will drive change through training and awareness of social and environmental aspects. Then firms will be able to start to implement their changes.

The OpenClimat platform gives companies access to best practices. The road is still long for every company; there is no time to reinvent the wheel.

▶ What would you change within the Big Four for better alignment with CSR and environmental objectives?

Among the consulting firms, there are disparities. BCG buying Quantis is a strong signal of the direction they want to take.

Overall, I would say the best way to improve is to increase the training of consultants to answer growing market needs, and to do so, this must start within schools, with training for students before they enter the job market.

▶ Do you have any advice for young professionals joining the consulting market today?

Consulting is enriching; a great way to keep learning and to discover various industries. Nevertheless, every strategy topic is a sustainability topic. It is the biggest challenge we will face in the next decades. All firms will have to change, and be the one driving change from within. Do not underestimate the power of your voice.

Martin claims to have been born lucky, with loving parents, a good education, five brothers and sisters, and a childhood in beautiful surroundings. He has tried to make the most of this luck, with a desire to build.

After graduating in 2000, Martin joined the consulting industry. He worked at Roland Berger for 11 years, then carried on his career in London within an English group, Centrica. For the past six years, he has been an entrepreneur, and founded the company BlueBirds.

▶ **Let's start with BlueBirds. What made you leave your consulting career to create your firm? What is the major differentiation that BlueBirds conveys through its values/ methods? What are your main missions within your company?**

My career started naturally, by meeting great people at Roland Berger. I continued my career until it was no longer possible to evolve. After so many years in consulting, the next step in my career, joining a large group, seemed natural. I left Paris, where my family lived, to go and work in London, and started commuting between the two cities. It was exhausting, and with time began to harm my family relationships. Having worked all my life and made many sacrifices, I suddenly realised that I missed my wife and children. The company's results were no longer my priority. So, I came back to Paris without a job, and wondered what to do with the next 20 years! I decided to start my own company, to be the decision-maker and give meaning to my daily actions. I launched BlueBirds. Our company – we are now two shareholders – is not a competitor of consulting firms, for a simple reason: they are our clients. We offer a different value proposition.

▶ **You created a podcast last year, which addresses many different topics with various speakers. However, one underlying theme links them: the dynamics of economic intelligence. How can you explain these dynamics in Europe and in the world today, and how do you see the future of French companies?**

France is a country with a strong industrial, economic and social history. The whole world envies us in some respect. But at the same time, the country has been committing economic and social suicide for years: the unemployment rate is far too high and taxes are among the highest in the world.

If we look a little more specifically at the industry, we have to take things in hand and wake up.

In my opinion, there are dynamics to put in place on three levels:

- First level: young graduates should join industrial companies, contributing with their working hours and their knowledge.
- Second level: the industry should be non-partisan, and everyone should go in the same direction.
- Third level: it is important to regain control over certain decisions, which are taken at European level without being able to be changed by France. This lack of clarity as regards what is decided in Paris and in Brussels feeds the democratic crisis we are facing.

▶ Through the prism of consulting, how does BlueBirds participate in achieving/modifying/ following the vision of the world you have?

We should not be hypocritical. BlueBirds is not so much an example to follow. It's true, the freelancers who work with us certainly help several industrials, but on the other hand the company is developed in Morocco. We hire qualified and cheap resources there.

▶ Can you tell us about a mission that particularly marked you during your career, and explain how it affected you?

It was when I was working at my first employer, on a mission with PSA, which wanted to optimise their manufacturing costs in Europe. I was a young graduate. The project started with the constitution of pairs. I had been allocated to the body-in-white factories with a senior consultant coming from Brazil, who claimed to be an expert. He clearly wasn't. And as our counterpart at PSA did not speak English and my senior consultant did not speak French, I soon became the only person to talk with the customer about body-in-white issues and performance levers. And of course, I knew nothing about it. We had three weeks to present preliminary conclusions to the plant managers. At the end of those three weeks, I had almost nothing to share with the customer in a three-hour workshop. These were the longest three hours of my life. Those kinds of experiences build character for life.

▶ In your opinion, what are the future dynamics to anticipate and understand in order to make French companies grow in a sustainable way?

Let's take the example of the reindustrialisation issue. As we have done everything in reverse, we need to change everything in the opposite direction to make things better. For example, it would be necessary to align production taxes with European standards. As we speak, France is five times more expensive than the average in Europe!

However, there are fields where we are now leaders in Europe: the tech sector. We see marvellous inventions in this sector, and big investments from Europe. Only one thing is missing: the equivalent of the NASDAQ in France or in Europe. Because for the moment, when French companies grow and want to be listed, they are forced to go to the US.

▶ Would you have any recommendations for newcomers to the job market?

You are going to enter a very uncertain world that moves fast, and where the future is difficult to read. You're going to have to work hard all your life. You have to ask yourself what your foundation is going to be, and what your base is, no matter what happens, because your external environment is going to change all the time.

You need to build foundations: family, friends for life, principles and values you will stick to no matter what happens. To me, those principles are summarised in three words: truth, peace and courage. Find your own!

Let me finish with a story my last CEO in London told me one day. He was a former colonel in the Scottish army. In professional life, stick to three rules:

- Always do what's right
- Always do your best
- Always have a plan B

He was so right!

Gerhard Sabathil is a German-Hungarian former EU diplomat. He is an economist and historian, and specialises in economic history, mainly involving Eastern Central Europe and southern Germany.

In 2015/17, Mr Sabathil was ambassador in South Korea. He now lives in Munich, close to his ten children, and has four grandchildren already. He always wanted a good work-life balance and emphasises the fact that he was a workaholic, but gave greater importance to his family.

One of his regrets is that he learnt Latin instead of French at school.

▶ How would you describe European affairs when you were in office at the EU commission? How would describe their evolution up to today?

With my double nationality, Hungarian and German, I always thought that the EU was a splendid idea without parallel, which has brought peace to Europe. Over the last 70 years, the highest value in European affairs has been to have trust and integration between former enemies. Freedom, democracy and human rights in its Member States has replaced war between peoples at the end of the many centuries of conflict between France and Germany. This was also made possible thanks to the struggles and discussions between bureaucrats and diplomats to shape common European law. But yes, the EU has had its ups and down and we have been through many crises. I remember, for example, when France and the Netherlands didn't adopt the European Constitution. But this last year really seems the peak, hopefully the culminating point of multiple European crises, starting with a war and all the other issues, and the risk of crisis when a Member State turns its back on Europe.

The major challenge now to avoid is national egoism, but let Member countries stick to the European way of addressing and solving problems. And I'm particularly concerned about this issue as a Hungarian, seeing that the government of my second mother country is not doing what it should do at the moment. The decisive matter is that we improve European governance during this time of multiple crises: not only the war but also energy, climate, migration and inflation. We must address these problems together, avoiding Member States going their own egoistic ways.

▶ How do you imagine the future dynamics of external affairs in Germany and the world as a whole?

Yes, this could be another hour of talk, but I'll try to be brief. First thing: there should not be a German, French, Swedish or Hungarian foreign policy on its own. All our member countries are too small and too irrelevant to achieve anything by themselves. The tragedy is that we have no real common foreign security policy yet in the European Union.

The war shows clearly that Europe and the United States have lost ground in global affairs. When you see that the G20 ministers the other day couldn't agree on a common conclusion and that major countries like India, Brazil and South Africa are not adopting the same line as we are regarding the aggression from Russia, and we see again with Hungary, that we have

still a split in foreign policy of Member States. The European Union cannot play its full role in enhancing and improving its relations with Africa, Latin America, with the global South, which is therefore an easy victim of Russian and Chinese influence and leverage.

We have done wrong. Not only with the pipeline in the Baltic Sea, but also with our very special relationship with Russia as a whole and with our particular German over-dependency on China. And we are completely unprepared for things we did not realise might happen.

One aspect of this is Germany's foreign policy. It has mostly become a foreign export promotion policy with some actions using human rights as an alibi. It is also not very professional. We have a very bad tradition, where the leader of a minor coalition party becomes Foreign Affairs Minister automatically, whether or not he – or now she – has been prepared or trained, or is a professional in foreign affairs, and this is a big mistake. The top people of the biggest party, the Christian Democratic Union in Germany, haven't had a foreign minister since 1966. When it has the Chancellor, they can't get the Foreign Minister. No young CDU politicians get interested in foreign policy, because they know they will never become a minister: the minister's job always goes to a smaller party.

▶ **What were the main challenges you faced as a European representative? And during your experience worldwide?**

Correcting the misunderstanding that EU only sends a lot of money, as we do to the former colonies and to the Global South in general. They don't understand that we are a political entity, many seeing us as a kind of Red Cross. We are seen as a cash machine, mostly.

And inside, Europeans can only grow through education. Nation states have been built by wars; the European Union is a child of the war, but you can become European only through education. Because it's very decisive what young children and pupils learn, and how teachers in schools can explain to them what's all about and how relevant the EU is for their daily lives, with all our detailed regulations. It is often not understood, as it's not properly explained, and when we negotiate with third countries, we have to explain them that we are negotiating in the name of 27 countries and that we have competences and tasks just for a part of national policies. We have to look for the agreement of all 27; the internal negotiation process is as difficult as the negotiation process I was involved in with Japan, Australia or Eastern European countries, so the main challenge is always to make clear what the EU is about, how complex its policies and setting are, unlike any nation state or international organisation, and it will only succeed when we can get our partners and young children and voters to understand what the EU is about.

▶ **Could you give us an example of the missions you undertook when you were in office?**

I started to control subsidies in Member States, which would have distorted European internal market competition, so I could save the taxpayers' money wasted on subsidies, and then in

Germany. I was then busy on different internal policies, industrial policy, and EU budgets. And when you are well trained enough on the job by internal policies, you have the chance to go abroad, so I decided to join the diplomatic service of the EU. It was a great time, when I opened our delegations in Prague and Bratislava, before the split of Czechoslovakia, still in the two countries. I went back after four years to Brussels. I was the head of the Western Balkan Division during the war in Kosovo, a very difficult time, where I could contribute to making peace and clearing the Danube river in Novi Sad. The aftermath of this conflict is that Kosovo, Serbia and Bosnia are not fully settled today. Then I went as an ambassador to Norway, a country which voted twice not to join the EU, but to be a member of our internal market. One important issue was then to establish our full energy relations with Norway, which is so important today, when you know that we can get much more gas from Norway now than before the Russian aggression, and also that the Norwegians finally had to pay an entry fee for this internal market, after getting it virtually for free, when we had sent billions to our new Eastern Member countries to help with repairs after Communism, and growth.

▸ **How do you see the relationship between the European Commission and the Member States evolving in the coming years, and what role do you think the Commission should play in shaping European policy?**

Member States are the fathers of the treaty. An equal representation of all Member States should be the context. it is the basis of democracy – but national governments are elected based on national policies.

We need a better European Governance. We cannot continue with unanimity; we must make European governance accountable to European citizens and Parliament. Parliament must be able to vote for foreign policies, agriculture, etc. This would be a turning point. For the next election, the Commission President should come directly from the European Parliament.

▸ **Looking back on your time within the European Commission, is there a particular project or initiative that you are especially proud of, and why? What would you do differently?**

I enjoyed doing a lot of different things. For example, being a member of the Chernobyl donors' conference was a major achievement, participating in the building of the dome sarcophagus.

I was proud to enter external affairs rapidly (only after eight years), and to go to the east after being very happy when the Berlin Wall fell. I should have invested more in learning Slavonic languages, and finding a better work-life balance.

▸ **What advice would you give to young professionals who are interested in pursuing a career in public affairs, and what qualities do you think are most important for success in this field?**

Nowadays, people often specialise too early: students should keep a broad, long-term view on issues. We also need specialists for general matters and an overview. My first Commissioner always said I was a "non-specialist"; nevertheless I dug deep into various areas, while keeping my eyes open in broader fields. Foreign affairs is a multi-disciplinary job. It is more like an art, and needs a comprehensive understanding. You have to be curious, even impatient, and maintain a multi-disciplinary approach throughout your career. The work-life balance is also very important. The last thing is not to stay too long in one job and look towards the next. So many jobs are interesting and enable you to learn new things, instead of getting stuck and reproducing yourself too long in things you do repeatedly.

Ms Carla Monzali, ISI Alumna 2022

▶ **Can you tell us about your job and what it entails? (Tasks, responsibilities and so on)**

I am a CSR/ESG consultant in a consulting firm and in everyday life, I assist companies in their transition towards new models integrating CSR, and more specifically: the implementation of CSR strategy (from diagnosis to deployment), the development of risk maps and a materiality matrix, assistance in the transition from Company to Mission, assistance with B Corp Certification. I also have the opportunity to get involved in the internal life of the firm on various missions.

▶ **What practices are gaining ground in your field, and why?**

CSR and ESG issues are becoming a growing concern and area of interest for companies. Many of them have already positioned themselves on the subject for some time, but from now on, companies need to take an environmental and social turn. The media exposure of the subject, the growing expectations of consumers in terms of transparency and commitment on the part of companies, but also the evolution of the regulatory context, which is becoming stricter (in particular at European Union level) all make environmental and social issues a subject that cannot be ignored.

▶ **How would you describe the most relevant skills in your current position?**

Concerning hard skills, it is useful for a consultant to master project management, to have a good mind for synthesis and a excellent capacity for analysis. More generally, it is important to have a keen interest in CSR issues and master ESG issues if you wish to specialise in this area. Regarding soft skills, a consultant, regardless of their expertise or speciality (whether it is management consulting, IT consulting, CSR consulting), must demonstrate an ability to listen actively in order to understand the needs of clients. Time management is also a relevant soft skill to master, because the consultant may have to work on several subjects at the same time. Finally, the ability to work in a team, communicate, delegate and coordinate is essential to the success of the different missions.

▶ **How do you see yourself in five to ten years?**

It is a difficult exercise to look forward five to ten years, given all that is happening at the moment at all levels, but in any case, I see myself accomplishing daily missions that have meaning and a positive impact on the planet, both on the environment and on living beings.

▶ **How would you say that your learning experience in the MSc ISI has helped you in your career path?**

The MSc ISI confirmed my interest in the consulting professions that I had developed during my associative experience within the Junior Entreprise of Skema Business School (Skema Conseil). That's because I was able to deepen my knowledge of the consulting professions

over a year, thanks to theory courses, and put this learning into practice during numerous projects and practical work. In particular, during the first and second semesters, I was able to work on real client issues and put myself in the shoes of a real consultant for two missions: one on the launch strategy of an eco-friendly toothpaste and one on the reduction of the carbon footprint of a telecommunications company.

▸ Can you give some advice to current and future MSc ISI students?

I strongly encourage you to take advantage of this last year as a student in two ways: first, by living in the moment, by being interested in the content of each course and reading the professors' recommendations.

Secondly, and with a view to preparing for your arrival in the professional world, ask yourself the right questions about the meaning you want to give to your career, and especially the means to achieve it. Cultivate your curiosity, think about your favourite subjects and your potential future expertise and focus your monitoring of and research on the subject now. This is all knowledge you can acquire today and that will be useful later in your daily life as a consultant.

Luca is now a consultant with Capgemini Invent in Paris.

▸ Can you tell us about your job position and what it encompasses?

Yes, we could say that there are mainly two sides to my daily tasks: the first concerning the actual missions and the second consisting of internal contributions within the firm.

The missions can vary from tasks involving the follow-up, production and collection of deliverables for committees, thus rather operational subjects, to more strategic subjects such as the go-to-market or the definition of project framing and information systems strategies. Your missions largely depend on the entity to which you are attached and your willingness to grow in certain subjects.

The second part is up to every consultant to get involved from the beginning of their journey within the firm. There is the content pole, where different topics can be chosen from different tribes, such as cybersecurity, Agile, Web 3.0, the cloud or green IT. These internal contributions allow the firm to develop employees' expertise in growing topics. Every consultant is also free to help to improve the consultants' lives within the firm by contributing to the development of consultants' integration and recruitment, as well as internal activities (e.g. democratising sports, culture etc.) through the talent office. Lastly, as is done today, contributing to the developing relationship between Capgemini Invent and schools to promote the firm and facilitate the integration of alumni.

Of course, the main priority remains the missions, but internal contributions are complementary and very important. It requires good time management skills.

▸ Which are the practices gaining ground in your field, and why?

I would say several trends involve monitoring: first the ones already on the go, such as digital transformation with an established strategy that continues to gain momentum. Vis-à-vis customers but also changes in internal working practices (home office resulting from Covid; the use of cloud services). There are also new methods such as Agile, which we use most of the time and is used more and more within firms.

Then, the upcoming trends related to the increase of data created by users. Generating value through this data is the key strategic point for firms, already now, but even more in the future. It is expected that new business models will be developed to tackle this rising trend. Web 3.0 and cybersecurity issues related to the digital transformation discussed earlier. To keep innovation going, it is possible to start implementing VR and metaverse solutions with clients to develop new outputs, or even to develop the use of tokens.

And last but not least, we have seen a sharp rise in interest from companies concerning generative artificial intelligence. A real revolution that can help gain efficiency and productivity in a wide range of tasks. Our role is to help our customers define the scope and implementation of this technology, allowing them to get the best benefits.

In other words, the global acceleration of the digital transformation of companies can mean that we help them succeed in their digital and technological journey, with an end-to-end vision.

▶ How would you describe the most relevant skills in your current position?

I used to be structured in the way I worked before, but this job has obliged me to be very well organised in a very short period of time, so my organisation skills improve each day. One of the main points I improved was to step back during stressful periods to refocus my priorities and reorganise my action plan. Another skill I have improved is linked to interpersonal relationships: it is key in my day to day working life to have good interactions with the people around me to make everybody's day smoother. I have learned the right attitude and mindset for any situation. In terms of hard skills, I have obviously increased my abilities in several domains, for example Agile, cyber and conducting meetings.

▶ Why do you think consulting is an important part of the economy?

Consulting is not important per se; it's important for the firms that form the core of the economy. Consulting firms have the expertise and skills, and the ability to bring this to companies in all types of sectors, with all types of size. By bringing proposals to the table, firms can decide whether they wish to implement the solutions or not and how to implement them. This leads to improvement in the decision-making of companies, along with profit and cost optimisation. There is also the digital innovation part enabling firms to get to know new tools and practices to help them stay relevant in their fields. An industry in good shape is necessary to develop a strong economy.

▸ How do you see yourself in five to ten years?

There are two scenarios possible for me. The first one is to keep evolving at Capgemini Invent and stay in consulting. I don't see myself working in another consulting firm. Here the firm has a strong market position and is still growing, with a promising strategy for the future growth. For now, I feel like the values of Invent are aligned with mine and I feel like it will be possible to climb the corporate ladder.

The second possibility is to get out of consulting and join the industry through a big group or a SME. I believe it would be interesting to see the other side of the spectrum with other methods and approaches. This would constitute a great challenge. I could attack from the consulting standpoint, giving me wide visibility of the corporate world.

▸ How would you say your learning experience in the MSc ISI helped you with your career?

During my gap year doing internships, I developed an interest in consulting, when I had to choose a programme for my second year in the master's. The MSc ISI was the best fit for my expectations and needs at that time. During the programme, we had courses on current technologies, topics that made it possible to develop real value when entering the job market (low code, VR, AI) and to quickly gain skills once I reached the consulting market, firstly with my internship, then later with my first job. Another aspect that allowed me to learn a lot was the consulting projects, where we were immersed in real consulting topics, with clients and deadlines to respect. It was great to validate the theoretical knowledge we developed in class and also to learn by going beyond the theory.

▸ Could you give some advice for current and future students of the MSc ISI?

Firstly, the courses are good, but you need to train in parallel to the courses, to develop more specific knowledge if you have a specific project in mind or an ambitious goal you want to achieve in your career. Secondly, choose your end-of-study internship carefully, as it is a determining factor in your professional integration, and it increases your chances of getting into a large firm if that is your goal. Nonetheless, keep in mind that with determination nothing is set in stone.

Thirdly, networking is very important, through LinkedIn and within Skema. You will access other people's knowledge and develop knowledge that would not have been accessible while staying in your comfort zone. It also opens up personal opportunities such as learning from others, open-mindedness and critical thinking. And also, professional opportunities, accessing certain positions, knowing about a job opening, coming together to carry out personal projects.

Mr. Nathan Leonard, ISI Alumnus 2022

▶ **Can you tell us about your job position and what it encompasses? (Tasks, responsibilities, etc.)**

I am currently working at Accenture in strategy consulting. The missions are variable according to the expertise needed. A mission can last up to six months, but it is always possible to ask to be moved to another mission for a specific reason. Missions in strategy can encompass various aspects. For now, I have been assessing teams in several countries on aerospace and defence topics, and following merger and acquisition topics. I may assist CEOs in their decision-making or help in the implementation of IT systems. Consulting is very school-like, with a great amount of work necessary, but the outcome is clearly a great amount of learning.

▶ **How would you describe the most relevant skills in your current position?**

Consulting involves a different expertise – something that does not exist internally in a firm. I would say several skills are key; most of them are soft skills. Communication is vital, internally with colleagues to be able to make the most of the mission, but also externally with clients in presentations, and more. Analytical capabilities make it possible to assess and understand the environment you are working in. With missions of six months or less, it is important to get that information fast in order to be more efficient. Regarding hard skills, I would say market analysis, reporting and sometimes leading workshops. It is not necessarily related to my job, but this is true in most consulting firms.

▶ **How do you see yourself in five to ten years?**

Interesting question. I am not sure yet, but I would say I might not be a consultant for that long. For now I am focusing on Accenture and the possibilities of growing there.

▶ **How would you say your learning experience in the MSc ISI has helped you with your career?**

During my studies we had real experiences with consulting projects, and being in the shoes of a consultant really helped to project myself in this field. We also had various classes on market studies and benchmarks, which opened our eyes to new technologies. Finally, the military school of Paris and IHEMI training provided me with a different approach and a considerable holistic understanding of the French environment.

▶ **Could you give some advice for the current and future students of the MSc ISI?**

Yes of course. I will focus on consulting advice. First of all, being consistent in the long run is important. With the internship you choose, your current MSc is better to reach big consulting firms. It is necessary to use the right terms, the ones concerning the consulting vocabulary Secondly, work in groups to prepare your case study, even if you don't want to get into the MBB. It helps in understanding the process, and creates automatic responses for your future work.

Choose your type of consulting. Depending on the industry, it is not the same job, but at the same time it is not the best strategy to specialise at the beginning of your career. There are so many things to discover with this fast-moving world.
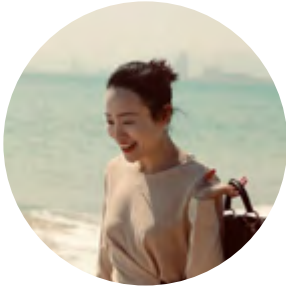
▸ **Can you tell us about your job position and what it encompasses? (Tasks, responsibilities, etc.)**

I am the co-founder of Le Grand Consulting, which is a start-up founded a few months ago, right after I came back to Shanghai from Paris.

I am mainly in charge of business development and team management.

Le Grand Consulting focuses on the sectors of branding strategy, PR & GR strategy, sustainability/CSR/ESG strategy and integrated marketing. We help listed companies, potential listed companies and MNEs build their brand/company images. As well as branding strategies and sustainable development.

▸ **Which practices are gaining ground in your field, and why?**

The combination of consulting, PR & GR, advertising and marketing are gaining ground in my field because all sectors are undergoing transformation, and so is the consulting sector. A traditional consulting firm offers strategy, advice and suggestions for clients. However, we found out that clients have difficulties putting into practice the strategy, advice and suggestions acquired. So we seize the opportunity to offer both strategy and execution.

▸ **How would you describe the most relevant skills in your current position?**

As I am in charge of business development and team management, I would say the most relevant skills in my current position are chiefly social networking skills. I need to develop business, so I have to get connected with as many potential clients as possible, then impress them with my understanding of their business. Secondly, management skills. As the co-founder of the firm, I have to think about where this firm should be going, that's to say what we should be doing now in order to have a tomorrow. In this scenario, what kind of people should we hire to do the job in order to have the tomorrow we want?

▸ **Why do you think consulting is an important part of the economy?**

First, it's important in the economy because it provides guidelines to business owners. I see consulting as drawing a map. The people who draw the map won't take you to the place you want to go, but if you follow the map, you will get there easily or at least more easily.

Secondly, there is a big market for consulting in the Chinese market. In the past five years, the CAGR (Compound Annual Growth Rate) has been 15.77% in the consulting business. In 2022, the total volume in consulting reached around 192.8 billion Yuan – around 28 billion USD. Consulting in China is still young, around 40 years old. It started when China rolled out its reform and opening-up policy, which brought along foreign companies and ideas. So there is a lot of room for it to grow.

Thirdly, consulting is a knowledge-intensive industry. People should have a well-educated

background or considerable experience to do this job. In this scenario, hiring costs are high. SMEs are not able to have their own strategist, so they need consulting services from outside. Apart from that, consultants tend to gather in big cities. So in small cities, it's comparatively hard to find enough talent, so there are big opportunities in small cities for consulting firms – at least, in China.

▶ How do you see yourself in five to ten years?

In five to ten years, I hope I will be a prominent consultant in the sector of brand consultancy, especially regarding the aspects of PR and GR. That's how to build brands from the perspective of public relations and government relations. Public relations and government relations are just like consulting, and are comparatively new to China. These kinds of ideas are also from the western world: we are learning from western countries. In the past 10 or 20 years, we have slowly formulated a Chinese way of doing it since more and more Chinese companies are going abroad. These practices carried out by Chinese firms have the characteristics of Chinese culture and civilisation in one way or another. I hope in five or ten years I will have more capabilities to serve those Chinese companies which go abroad.

▶ How would you say your learning experience in the MSc ISI has helped you with your career path?

The learning experience in the MSc ISI brought me to the consulting sector: it's like an accelerator. I would say three classes were the most helpful: competitive intelligence, strategic models and organisational dynamics. I have worked in enterprises for more than 10 years, but haven't had any experience in the consulting sector.

▶ Can you please give some advice to current and future students of the MSc ISI?

My advice to current and future ISI students involves several aspects. Firstly, I would suggest they work hard in all the subjects the school offers, because you will have a lot of time to learn about society, but your time in school is rather limited in your life, so enjoy it and make the best of it.

Secondly, I would encourage them to socialise more with classmates and schoolmates, because when you start work, your connections are rather restricted to the sector you choose, while your schoolmates and classmates are from all over the world. It's like a window onto different parts of the world. The connection with them may inspire you in one way or another.

Articles

CHATGPT GALVANISES DIGITAL TRANSFORMATION

By Mr. Sam Bassil & Mr. Akash Jogi – MSc ISI alumni 2022

While digital transformation has been accelerated by Covid 19, ChatGPT by OpenAI appears to be a strong booster of digital transformation for all organisations.

### GENERAL DEFINITION OF DIGITAL TRANSFORMATION

Digital Transformation is about adopting disruptive technologies to increase productivity, value creation, and social welfare.[1] Nowadays, this term is used practically everywhere, in universities, startups, small to medium enterprises (SMEs), and even big and international companies. Fitzgerald et al. [2] also argue that digital transformation is: "The use of new digital technologies (social media, mobile, analytics or embedded devices) to enable major business improvements (such as enhancing customer experience, streamlining operations or creating new business models)".

It is true that digital transformation can encompass various industries and sectors through its innovative touch. Nowadays, all companies are aiming to involve Digital Transformation (DT). Not only does it bring added value to a company's business model but it also promotes transparency from within. For the last couple of years, industries have been heading towards digitisation since this enables companies to adopt the latest trends and technologies. Smart Products are at the heart of Digital Transformation, which can be updated and monitored in real-time [3]. Smart Products and autonomous sensors, also known as the Internet of Things (IoT), create the bridge between the old and new eras. In other words, this is what we call the fourth industrial revolution: Industry 4.0. For companies to move towards that digital transformation, they have to accept that change from within. Cheng Gong puts it very clearly: "*It entails frame-breaking and the destruction of some elements of the system in different entities (e.g. the organisation, business network, industry, society) through simultaneous initiatives on many fronts, and often in a relatively short space of time.*" [4].

GENERAL DEFINITION OF ARTIFICIAL INTELLIGENCE

AI was first mentioned at Dartmouth College in 1956, when John McCarthy and Marvin Minsky hosted the "Dartmouth Summer Research Project on Artificial Intelligence" conference and invited top researchers from various fields for an open discussion on Artificial Intelligence. Despite its unfavourable outcome, this conference worked as a catalyst for the next 20 years of AI research.

Stephanie Dick claims that: "*Human minds and modern digital computers were species of the same genus, namely symbolic information processing systems; both take symbolic information as input, manipulate it according to a set of formal rules, and in so doing can solve problems, formulate*
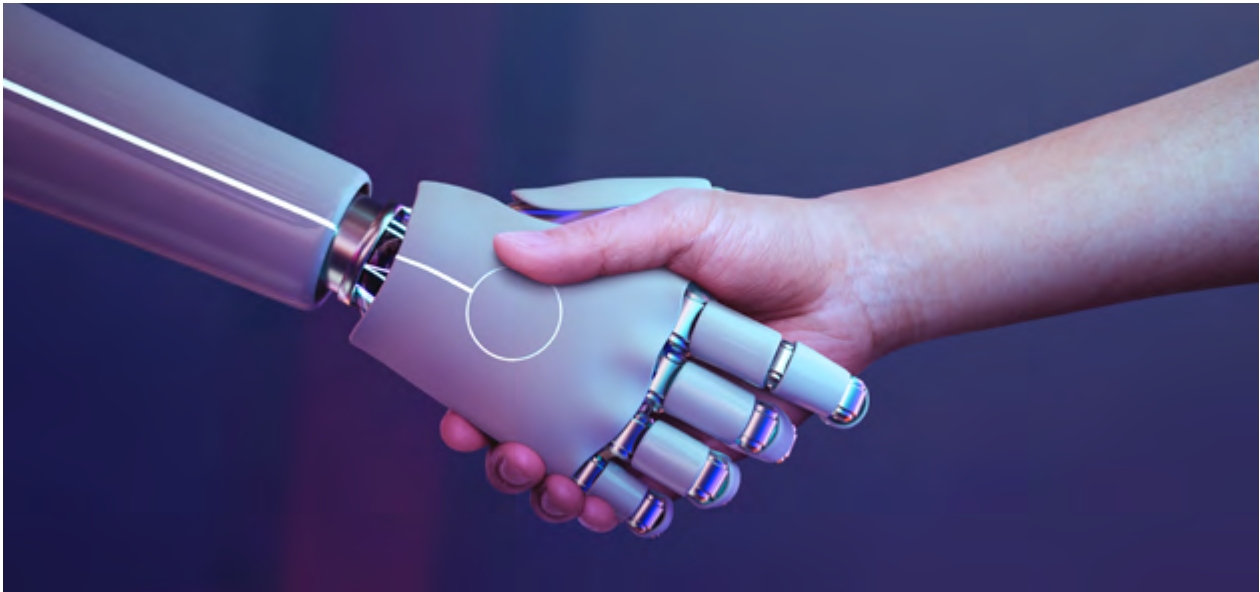
judgements, and make decisions." [5] This description illustrates the relationship between the human mind and AI. Dick also argues that "*The goal was to reproduce intelligent human behaviour in machines by uncovering the processes at work in our own intelligence such that they could be automated.*"[5]

It could also be relevant to see how a gigantic company like Accenture, which is considered a top-tier company in the tech world, views its own definition of Artificial Intelligence. According to them, "*artificial intelligence is a constellation of different technologies that work together to enable machines to perceive, understand, act, and learn at levels of intelligence comparable to humans.*"[6] This probably explains why there are so many definitions of artificial intelligence: AI is not limited to one technology. Technologies like machine learning (ML) and automatic natural language processing (NLP) are part of artificial intelligence. Here is a concise definition of machine learning: "*The scientific study of algorithms and statistical models that computer systems use to perform a specific task*". [7] Each of the technologies evolves at its own pace and follows its own path, but when combined with data, analytics and even automation, they can help companies achieve their goals, whether improving customer service, optimising the supply chain or enhancing the collaboration between their own employees. Others go even further in their definition of artificial intelligence and distinguish between "narrow AI" and "general AI".

USE AND VALUE OF DT

The real value of digital transformation (DT) lies in the use and adoption of smart products. These allow and enable real-time monitoring and updating. [3] Smart products that contain autonomous sensors, referred to nowadays as the Internet of Things (IoT), create the bridge between the old and new eras of technology. According to Lampropoulos, Siakas, and Anastasiadis (2019): "The Internet of Things (IoT) aims at implementing autonomous, robust, secure connections and data exchange between devices and real-world applications." [8] This kind of technology can be considered as one of the main pillars of digital transformation since it allows companies to more effectively articulate their digitising process. IoT can be applied to various domains and sectors, such as the environment, public transport, utilities, street lighting, waste management, public safety and smart parking. [9] Not only that, but transformation can also be applied in the Logistics and Healthcare sectors. In Transportation and Logistics, IoT sensors can assist drivers while they are driving, and they can help in mitigating the dangers that might occur along the way. Through sensors that can track anomalies in railway systems, measure roadway temperatures and monitor the state of aircraft parts, we can say that Digital

Transformation plays a big role in the safety of transportation. In the healthcare domain, the Internet of Things can include tracking, identification, authentication and data collection. Data collection is vital for the medical industry because it enables artificial intelligence tools to further study data and come up with more accurate recommendations for patients. Also, the more data are collected, the better algorithms will be able to detect new patterns. The role of digital transformation in the healthcare sector is paramount and will have great potential in the years to come. Regarding the smart environment, IoT can really change the way we see our homes and offices. With new automation available, you can connect to any device using your phone or tablet. Cook and Das (2007) describe the Smart Environment as a small world where all kinds of smart devices are continuously working to make inhabitants live more comfortably. [10] We can perceive that sensors and actuators can cut costs and alleviate any potential dangers that might happen in the future. For example, when the sensors feel that there is no human movement in the room, they will automatically send a message to the actuators to turn off the light.

USE AND VALUE OF AI

There is no doubt that artificial intelligence is still in its infancy, and the value it brings to businesses and companies is still unmeasurable and a long way from its potential peak. Therefore, we should take a close look at what AI brings to the table and study its benefits. The first advantage of Artificial Intelligence lies in reducing human error and helping people enhance their decision-making. [11] Through the analysis of big data, computational power can study data trends – a process called data mining – and come up with recommendations for its users. In the years to come, managers are starting to delegate an ever-increasing number of decisions and related tasks to IT and AI. [12] Now, the real question is whether Artificial Intelligence is monitored or not monitored. *Does Artificial Intelligence come up with recommendations that are predictable?* In the past, the autonomy of AI was human-supervised, with humans delegating, monitoring and controlling the technologies. [12]

Nowadays, AI technologies are starting to process information when not instructed to do so by humans, which raises the question of their autonomous status. They are truly "Autonomous Agents". [13]

The notion of an intelligent agent is essential to grasp here and reflects the infinite potential of Artificial Intelligence. An intelligent agent could resemble a robot, like NASA's Grover, or an autonomous car. To put it simply, tomorrow I might ask you to do a task that you know how to perform; that's easy, and you will tell me, just as many connected devices or industrial machines already do. But the intelligent agent can go further. Today, an industrial machine or a connected object cannot take the initiative to respond to unpredictable events in its objective. It will stop, and in the best possible scenario display an error message and propose a way to resume the service, but human intervention will be necessary. Intelligent agents, connected to multiple software programmes and other devices, will make use of these connections and thus find a solution to their problem. The example of the autonomous car speaks for itself. Not only does it drive from point A to point B, but it analyses the traffic, finds alternative routes, adjusts to the traffic, overtakes a car that is not fast enough, and anticipates collisions several kilometres away. The intelligent agent acquires knowledge through the connection it establishes with other software whose information it is authorised to access. We also find in this analysis the importance of network effects: the larger the network of intelligent agents, the more intelligent each agent will become by benefiting from the experience acquired by others. [14].

CHALLENGES OF DT/AI

One of the challenges of DT is to assess the real needs of companies [15]. Some companies, and especially top executives, are willing to integrate digital transformation into their processes and business models but are not quite sure how to do it. Or worse, they do not know the correct way to implement digitisation. Therefore, companies require the right people with adequate skills to implement those changes [16].

Employees should have the appropriate technical skills and adequate soft skills to be able to work together efficiently with AI. Soft skills are as important as technical ones. Technical skills alone are not enough: therefore, emotional intelligence should work hand-in-hand with technical skills to create a superior customer experience.

According to Westerman, Bonnet, and McAfee [17], Digital Transformation literature recommends that organisations transfer the requisite know-how, or in other words, outsource, because reliance on internal learning-by-doing would increase repeated work, waste money, and introduce security risks. One of the most efficient ways of implementing digitisation in a company is by outsourcing the process to a specialised company. According to Tennant, [18] one of the main reasons for outsourcing is Expense, Expertise and Time. If a company does not have a solid digitisation infrastructure and the right personnel with adequate skills, it is better

to outsource. The process of outsourcing will definitely be cheaper and more effective if the right company is chosen to do the digitisation work. Outsourcing will also save time better spent on in-house training and hiring staff. [19]

Because digital transformation can have a big impact on organisations, its projects tend to be very big and complex. This could cause companies to stray from their original objectives, and sometimes affect their whole business models. At times, companies focus a great deal too much on digitisation and lose their main scope or strategy. [20] Digitisation should be a way to improve processes inside a company and gain added value (create value), but once it starts crippling businesses, managers or decision-makers should intervene. Another important point to focus on is the company culture, which should be open to digitisation. Rowles and Brown (2017) argue that: *"Culture is the sum of the values, behaviours and 'norms' of those in your organisation – which supports you today but may end up inhibiting your progress tomorrow."* [21] We are in an era of constant change, and the best way to deal with this change is by creating or adopting a culture that can adapt to change. A culture that embraces change from within, or in other words an agile culture.

Top or Middle management may not buy into this transformation because their incentives are not aligned with the Transformation goals of the company, and this creates an internal conflict. Sometimes, the company's hierarchy underestimates the significant role played by the culture in its digital transformation scheme. Now, the real question is whether integrating Digital Transformation into a company is worth the investment. Are the stakeholders of the company willing to pay a fair amount of money for that transformation? Will the return on investment be short-term or long-term?

According to the literature, there should be some defined metrics to measure the Return on Investment of Digital Transformation. Return on Investment should be split into two categories: material return and non-material return. With material return, the return on investment (ROI) of digital transformation can be very baffling, and these returns should be differentiated and broken down into several types. For example, if a company digitised a particular process, for instance Enterprise Resource Planning (ERP), we can study the cost/benefit of implementing ERP and come up with a reasonable figure for the return. It is also important to mention that we should not expect a direct return from DT because the more you optimise the processes and workflows, the better the yield. [22]

For non-material return, DT embraces transparency in the company by bringing all the processes and workflows out into the open. This will empower trust between employees and enhance collaboration within the company. Finally, DT can help increase Customer Knowledge through Artificial Intelligence, Machine Learning and Automation [23]. This helps companies to understand their customers better and provide them with services based on their needs.

WHAT'S NEXT?

In the field of the Artificial Intelligence, ChatGPT is the most recent advancement. What exactly is it, though?

ChatGPT is a large language model based on the GPT-3.5 architecture and trained by OpenAI. It has been designed to understand and generate human-like language with a wide range of applications such as natural language processing, text completion, and chatbot development. With a vast database of knowledge that includes current events, history, science, technology, and more, ChatGPT can provide accurate and comprehensive information on a variety of topics. Its main goal is to provide users with a seamless, customised experience, making it a valuable tool for researchers, writers and anyone looking for quick and reliable information. It is possibly the most advanced AI chatbot created to date. Research in this field has been going on for a very long time. ChatGPT is a product of a company called OpenAI.

GPT stands for "Generative Pre-trained Transformer," which is a type of deep learning algorithm used for natural language processing tasks. GPT is a family of language models developed by OpenAI, which are trained on massive amounts of text data using unsupervised learning techniques.

The GPT model architecture is based on a transformer, which is a neural network architecture particularly well-suited to sequential tasks like language modelling. The transformer architecture was introduced in 2017 by Vaswani et al. [24], and has since become a standard approach for many natural language processing tasks.

GPT models have been pre-trained on large datasets of text, including web pages, books and other documents. The pre-training process involves training the model to predict the next word in a sentence, given the previous words.

This is not the only company with an AI chatbot. We are going to talk about its top two competitors here.

GOOGLE BARD

Google announced the release of their own Chatbot right after the release of ChatGPT. This chatbot is powered by Google and LaMDA (Language Model for Dialogue Applications). The major difference between Bard and ChatGPT is that Bard will be able to access real time information from the Internet, unlike ChatGPT. ChatGPT's knowledge is limited to 2021 data. The backing of Google really improves the dataset that Bard possesses and ChatGPT does not. It will be more accurate and reliable.

BAIDU'S ERNIE BOT

Baidu is a Chinese AI company. Ernie bot is built atop Baidu's large language model, released in 2019. According to CEO Robin Li, "*In addition to providing better search services and answers, we will offer a new interactive and chat experience, as well as provide uniquely generated content that will greatly enrich the content ecosystem and its supply, becoming a new traffic entry point.*" The major difference, however, is that Baidu plans to use this technology to boost its in-car voice assistant. Over the years, Baidu has developed a sophisticated operating system for smart cars. Ernie Bot will be used to enhance the features this operating system provides.

FUTURE

The potential of these chatbots is tremendous. Baidu is already positioning its chatbot as an in-car chat assistant. Not to mention the applications for AI chatbots going far beyond this. We might not be that far away from a chatbot like J.A.R.V.I.S!

Some use cases could be as follows:

▸ Customer Support: Chat bots powered by AI can work round the clock without employers having to pay overtime. They can reduce wait times for customers as there will not be any backlog when an AI is answering their queries.
▸ Marketing and Sales: They can help generate leads and close deals by guiding customers through the buying process.
▸ Healthcare: AI-powered chatbots can be used in diagnosing medical conditions. They can also play a role in streamlining administrative tasks, such as appointment scheduling and prescription refills, improving the overall healthcare experience for patients.
▸ Content Creation: ChatGPT can assist content creators by generating ideas, writing articles and suggesting relevant topics.
▸ Customer Service: ChatGPT can be used as a chatbot to handle customer queries, complaints and requests in real-time.
▸ Education: ChatGPT can help students learn and understand difficult concepts by providing explanations and answering questions.
▸ Research: ChatGPT can assist researchers by providing relevant information, generating hypotheses and suggesting avenues for exploration.
▸ Translation: ChatGPT can be used for machine translation, enabling communication across different languages and cultures.
▸ Writing Assistance: ChatGPT can help writers with tasks such as grammar and spelling checks, sentence construction and content generation.
▸ Personal Assistant: ChatGPT can be used as a virtual assistant to manage tasks, schedule appointments and provide personalised recommendations.
▸ Entertainment: ChatGPT can be used for fun and entertainment purposes, such as creating memes, jokes and trivia games.

Their applications are endless, limited only by the scope of the human imagination.

CONCLUSION

Artificial Intelligence is becoming increasingly ubiquitous, with applications in a range of fields from healthcare to finance, education and entertainment. However, the rapid progress of AI raises important ethical questions that must be addressed. One of the main concerns is the potential impact of AI on society, particularly with regard to issues such as privacy, bias and accountability. Other ethical considerations include the impact of AI on employment, the potential for AI to be used for harmful purposes, and the need for transparency and ethical guidelines to govern the growth and use of AI. As AI continues to evolve, it is important that ethical considerations are prioritised to ensure that AI is developed and used in a way that benefits society as a whole.

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COULD THE EU BE THE WINNER IN THE USA VS CHINA TRADE WAR?

By Mr. Mario Leplaideur – MSc International Strategy & Influence 2023

Since it began in 2018, the "trade war" between the United States and China has increased significantly, with both countries imposing tariffs on each other to protect their own economies, as well as questions as to which will be/remain the first economy worldwide. At governmental level, the US shifted from Trump's to Biden's administration and maintained a similar stance at the global economic level, while China remained under the presidency of the CCP's General Secretary, Xi Jinping.

The "trade war" has been one of many factors contributing to the global economic slowdown, along with Covid 19 restrictions, the Russian war on Ukraine and international competition at every level. It can be seen as a major trend that will (re)shape powerplay in the 21st century.

The European Union has not been immune to this, and its strong economic ties with both countries has trapped the single market in a precarious position where the US and China are pushing it to pick a side. In this article, we will analyse the potential threats the ongoing trade war poses to the EU, but even more significantly, the opportunities it could decide to grasp.

CONTEXT OF THE TRADE WAR

As part of his "America First" policy, Trump decided in 2018 to impose tariffs on Chinese goods to reduce the trade deficit between the two countries. Xi Jinping's administration responded by imposing its own tariffs on US goods [1].

The two countries have since retaliated and escalated the conflict, which now encompasses many strategic industries and their partial or total ban. Considering the ban of Huawei products in the US (which some allied countries also applied), it is worth noting such bans were already used before that by China, where it has been officially forbidden to use Twitter, Facebook and other foreign social media, as well as browsing solutions (Google) [2], [3], since the early 2010s.

THREATS TO THE EUROPEAN UNION

Because of the tariffs imposed by both countries, the demand for EU goods decreased, particularly in the US market where production facilities were relocated, switching global

business costs and benefit value chains. EU companies have since then been reshaping their global supply chains and production strategies (even more accelerated by COVID restrictions on trade). A global trend to rethink the internationality of business models under a more glocal approach – i.e. with considerations akin to both global and local constraints and opportunities – is emerging in this respect.

Another threat, and possibly the most serious, would be for the EU to be forced to pick a side because of economic pressure, resulting in an increased political grip on and control of its internal affairs. For many years, the single market played a fair (and self-imposed) game of liberal economy, to the extent where its internal regulations could favour international companies over European ones – e.g. when blocking the merger of Siemens and Alstom, the EU gave room for other global giants like Chinese CRRC to overtake them by achieving greater economies of scale [4]. It is also worth noting that other global players did not simply follow suit but used the EU inside-and-out liberal market as an asset to further profit from it, while not allowing the same benefits to be achieved in their markets in a liberal vs protectionist competition [5].

OPPORTUNITIES FOR THE EUROPEAN UNION

Yet there is not only gloom and despair in sight for the EU, as the challenges it faces could very much be what will help it thrive. As trade between US and China continues to worsen, the EU could be an ideal interface and hub, a drop-shipper even, between the two economies.

The EU could also try taking the lead in the global economy, benefiting from the void created by the two countries' opposition, and even make the Euro the most reliable currency politically. [6] This would not only benefit the EU economy but would also help to create a more stable global economic environment, as the multiple leadership of the EU institutions tends to balance its decisions.

When looking at imports and exports from and to the EU, we see the important use of the euro as a trusted currency for international trade (Fig. 1).

	2010	**2020**	**Evolution**
Imports ($)	55%	48.1%	-12.5%
Imports (€)	35%	38.2%	+9.1%
Exports ($)	31.9%	29.4%	-7.8%
Exports (€)	52.3%	47.5%	-9.2%

Fig. 1 - Currency of invoices for Imports to the EU and Exports from the EU – Eurostat [7]

	2011	**2021**	**Variation**
China-EU (€)	-129.4Bn	-248.9Bn	+ 119.5Bn imports
USA-EU (€)	67.6Bn	167.4Bn	+ 99.8Bn exports

Fig. 2 - EU Trade Balance evolution with the USA and China – Eurostat [8]

The trade war has also highlighted the need for the EU to strengthen and secure its own internal market. The EU could work to increase investment in its own market, making it more attractive to foreign investors. This would help to reduce the EU's reliance on exports and would make it more resilient to external shocks. In this respect, the EU relies more on China when it comes to imports and is counting on the USA for its exports (Fig. 2). In other words, it can shape the US market through its exports, and could be shaped by China through its

imports (certain products' design or capacities are heavily influenced by the laws of the countries producing them). The EU should seek to influence China as much as it can influence the US through their market.

Another opportunity for the EU is to move closer to other countries. It could strengthen its economic partnership with Japan, South Korea or South American countries, or reshape its relationships with African countries to have less of a one-sided benefit in trade and more of a win-win partnership [9]. This would create new markets for EU goods and make the EU less reliant on the US and China, as well as building confidence in its reliability and trustworthiness, which could be further developed by international plans in investments (Global Gateway [10]), should they answer to local needs and not only to EU priorities.

CONCLUSION

Business Intelligence is a concept worth deploying on all EU levels to respond to today's hyperpolitical world, [11] and thus mark out a path of its own, the way it started through legislation on data protection or the environment. Business cannot be decoupled from politics. By positioning itself as a viable alternative to the US or China for other countries, and by taking a leading role in the global economy, the EU would maintain its prosperity while developing a new political influence – i.e. controlling financial and economic integration, and having its own geopolitical agenda for others to align with. [12]

To do so, the EU will need to be proactive in providing a coherent alternative to the US and Chinese models, and in developing and deploying a credible external strategy for the world to consider and, hopefully, embrace.

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THE EVOLUTION OF BUSINESS MODELS IN A CONSTANTLY CHANGING ENVIRONMENT

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"*Insanity is doing the same thing over and over again but expecting a different result*". This quote from Albert Einstein allows us to understand the importance of changing parameters in order to obtain different outcomes. This quote applies to several fields, and especially to business models. The business model of companies has to evolve over time otherwise their performance may well decline. As a result, we need to understand how companies operate and adapt their business models to the internal and external challenges they face.

Before going any further, we will endeavour to define the notion of a business model. A business model is simply the realisation of the corporate strategy and as such, it allows companies to create, deliver and capture economic value. There are several ways to formulate a business model, the most popular being the business model canvas.[1]

More precisely, a business model describes:

▶ The products or services offered by companies and their target market.
▶ The process and routines implemented by companies to create value for their customers, for instance by offering a unique user experience, innovative products or competitive pricing strategies.
▶ The distribution channels used to deliver products or services to customers.
▶ The companies' revenue sources, e.g. product sales, subscriptions, advertising, etc.
▶ The costs incurred by producing and delivering the products or services, and the strategies used to reduce them.

An effective business model should enable companies to create value for their customers while generating sufficient revenue to ensure long-term financial viability and corporate social responsibility. Companies can use different business models depending on their industry, environment, and growth strategy.

At first, we might think that if a business model is effective, there is no need to change it, or it will not be as effective as the previous one. However, recent black swans such as the subprime crisis, the Covid 19 pandemic or the war in Ukraine show us that companies are all operating in a VUCA (volatility, uncertainty, complexity and ambiguity) environment. Moreover, they are also forced to adapt to technological advances, economic changes and societal evolutions.

First of all, companies must ensure that they implement a sustainable activity in all the markets operated, insofar as they must be able to respond to the most important challenges. And in a VUCA environment, companies must be able to adapt quickly to new technologies, changes in consumer behaviour or black swans. Companies that cannot adapt to this environment risk losing their competitiveness and market share, and jeopardising their survival.

When a company has a mature product [2] it must innovate, and upgrade its products and sometimes its business model. During the last few years, we have observed several evolutions leading companies to modify their business models. And with the development of digital business in particular, business models have been changing more rapidly. Companies have to adapt to a new environment where competition is stronger than ever, where consumers are more demanding and product life cycles are shorter. They have to rethink the way they create, distribute and capture value.

New business models have emerged, such as the freemium models used mainly by video games, online storage services and mobile applications. We can also talk about the explosion of platform models such as Airbnb, Uber and Amazon Marketplace. Finally, crowdsourcing models have become increasingly popular in recent years. Companies use the power of the crowd to solve problems, design new products or collect data. These companies can benefit from the collective intelligence of the crowd, while saving time and money. Among the most famous examples we can cite are Wikipedia, Kickstarter and Tripadvisor.

Moreover, we have also seen the emergence of new business models, such as service-based or subscription-based models. These models have allowed companies to generate more stable and predictable revenues while offering services and products better adapted to consumers' needs. Service-based models have also enabled companies to stand out from the competition by offering solutions tailored to the specific needs of each customer.

In addition to all these evolutions, we have also observed that consumers now expect to experience something different, and that is why the customer experience has become paramount. Consumers are no longer simply looking for products or services, but also for a

unique and personalised experience. Companies that can provide an outstanding customer experience gain a solid competitive advantage over those that cannot. Companies must therefore ensure their business model focuses on customer experience and value creation.

However, all these new models are being turned upside down by the arrival of new factors such as ecology, the metaverse and artificial intelligence (e.g. GPT).

For each company, the question is always to know if it is worth investing in one particular innovation that appears or another, with the risk of getting into trouble if they do not follow the trend of an innovation. That's why many companies, such as Carrefour, have chosen to invest in the metaverse, even though the metaverse is not yet functional.

It is also essential to talk about the arrival of artificial intelligence. AI has its own ecosystem. Yet it will also allow the development of different scenarios as future perspectives and help managers in their decision-making (e.g. Stratbrain). Today AI is already moving into the business world, but it will continue to be more and more important. AI will also revolutionise several sectors, and we can see that this is already the case with the arrival of ChatGPT on the market: a shock to the tech world and especially Google, which is accelerating its development of an AI that can compete with it.

Moreover, Covid 19 and the invasion of Ukraine by Russia have profoundly changed international relations; thus, the globalisation phenomenon looks set to become more regional. But sovereignty is becoming crucial and many companies that aim to be or are already international need to integrate these geopolitical aspects into their business model.

But the topic that will shake up all the business models of all companies is ecology. All companies will have to change their policies to become "eco-friendly" and thus fit into the roadmap everyone will have to adopt in the coming years. With some, they will have to modify their business models without fail to ensure their sustainability (see IPPC, 2023).

So we have to ask ourselves how to take the lead and anticipate these future evolutions.

But how can we respond effectively to the evolution of business models?

First of all, it is essential to conduct an internal and external evaluation of the company, analyse the market and perform an internal audit of the company. Before changing a business model, it is important to carefully analyse the market and the company in its current state. It is important to understand market trends, customers' needs and behaviours and the company's strengths and weaknesses. This analysis will help to identify the opportunities and challenges associated with a business model change. It is also important to be aware of trends: It is important to follow the trends of your market and industry so as to be aware of new business models and changes in the economic environment. It is useful to draw on all possible sources of information such as blogs, research reports, events, conferences, social media, etc.

Then the company must clearly define the objectives and the strategy to be implemented. It is essential to clearly define the goals the company wishes to achieve with a business model change. These objectives may include increasing revenues, expanding the customer base, improving competitiveness, etc. To achieve these goals, the company needs to be as specific as possible about the objectives and the actions required to implement the new business model.

Moreover, to be able to succeed in the transformation of its business model, it has to be ready to invest! A business model change can require significant input in terms of time, money and resources. This is why companies must be ready to invest in training their staff, purchasing new technologies, implementing new processes, etc. The company must be sure to have the necessary resources to successfully implement the business model change.

Once the strategy is clearly defined, the company will enter a test phase in order to validate the change in its business model, because before implementing large-scale change, it must be tested and refined according to requirements. The important thing, and the goal of this phase, is to try to understand customers' reaction to this change. Methods such as customer surveys, prototypes and small group experiments can be used. All these tests will enable the company to gather feedback and data to improve the new business model before launching it.

Finally, it could be a good plan to build a team in charge of creating and ensuring the proper achievement of the company's strategic objectives. This team would be responsible for carrying out due diligence on all the risks to which the company may be exposed, thus enabling an overall vision of the company's life and the ability to draw up several scenarios for the company's future, in case of unforeseen events. This team would also work on the strategic monitoring and implementation of new innovations in order to push out the limits of the company while adapting to new challenges appearing within its environment. The team could also oversee communication with all stakeholders. It is important to communicate with the company's stakeholders, including customers, suppliers, investors, etc. The company must explain to them what it is doing and why it is doing it, clarifying the reasons for the change in business model, the benefits it brings, and how it will be rolled out. It may also be useful to collect their comments and suggestions to improve the new business model.

To conclude, the evolution of business models in a constantly changing environment is a major challenge for companies. To remain competitive, they must be able to adapt quickly to new innovations that show up in their environment in order to respond to new technological, economic or societal issues. Companies that do not adapt risk losing competitiveness and market share and jeopardising their survival.

Hence, the continuous adaptation of the business model is vital to ensure the growth and sustainability of a company in a growingly volatile, uncertain, complex and ambiguous business world.

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LINKING CIRCULAR ECONOMY AND CLIMATE CHANGE POLICY: OPPORTUNITIES AND STRATEGIES FOR THE WASTE MANAGEMENT SECTOR

By Ms. Shuhua WU – MSc International Strategy & Influence 2023

While it is confirmed by various quantitative research studies and recognised by several high-level organisations that the Circular Economy (CE) has potential in mitigating climate change, its actual performance is not firmly and consistently acknowledged, due to inadequate monitoring indicators, lack of high-level political focus, uncoordinated policies and the sequential nature of decision-making along supply chains. [1] In this situation, it becomes clear that gaining substantial verification of the carbon mitigation effect by being included in the carbon credit system and building value chain influence by leveraging a unique position as an expert are strategic priorities for professional waste management operators in the CE sector.

Reuse/recycling activities are an important part of the CE, and are mainly undertaken by waste management operators, many of which are social enterprises creating job opportunities for disadvantaged groups in society. The climate change mitigation potential of the CE has been recognised by academics, inter-governmental organisations and policy makers in countries all around the world. The Ellen Macarthur Foundation released the report "Completing the Picture: How the Circular Economy Tackles Climate Change" [2], highlighting the indispensable role the CE plays in climate action by transforming how products are made and used, and the potential to increase resilience against the physical effects brought about by climate change. This promising role was reaffirmed by "Climate Change Mitigation through the Circular Economy" [3], which also pointed out nine possible CE interventions to mitigate climate change.

However, interestingly, the Intergovernmental Panel on Climate Change (IPCC) in its report on "Climate Change 2022: Mitigation of Climate Change" recognised the social benefits of the CE, but expressed reservations about the CE's climate mitigation contribution, due to concerns about the potential rebound effect, the nascent state of the field, and under-developed data analysis and synthesis across disciplines and value chains. Nonetheless, IPCC still recognised the CE's climate mitigation potential in reducing primary production emissions.

The European Union as a leading global climate player has rolled out various climate change policies, including the Green Deal, the EU Emissions Trading System (ETS), the EU Regulation on Land Use, Land Use Change and Forestry (LULUCF), and the EU Adaptation Strategy. Most of them mention "circular economy", "circularity", "reuse" and "recycling" as part of the solution for mitigating climate change. However, most of these measures are "encouraged", not "mandatory", or proposed without strong advocacy or supporting evidence or a high level of confidence. Therefore, the CE has a long road ahead to prove itself and gain more attention in the climate change arena.

CHALLENGES FOR THE CE IN THE CLIMATE POLICY LANDSCAPE

According to IPCC, the reasons for the weak connection between the CE and climate policies include inadequate monitoring indicators, lack of high-level political focus, uncoordinated policies and the sequential nature of decision-making along supply chains. These reasons can be translated into two main causes:

(1) **Lack of supporting data**: data is essential to inform decision-making. However, according to the IPCC, there is a general lack of monitoring indicators for CE practices around the

world, making it hard to quantify and determine the importance of the CE in the journey of climate change mitigation. In EU, where the CE is relatively developed, this situation is also evidenced among CE practitioners. According to the Research Study on Developing Re-use Networks in Europe, [4] "the need for efficient data collection systems" has been recognised as a major weakness in developing re-use networks in Europe, and appropriate initiatives have been launched. For example, HERW!N is working on merging networks and building a digital data platform, which currently registers mass flows of goods, revenue and turnover. This kind of platform has further potential to develop into a strong source of evidence for the CE's contribution in terms of climate change in the future. For this, scientific data points, policy support and funding will be needed.

(2) **Lack of expert legitimacy**: most EU climate policies are developed "vertically ", meaning that policies are developed around industries or sectors. For example, the Green Deal is divided into several "working areas" such as energy, transportation, agriculture, finance, etc. In each of these working areas, the CE may or may not be included as a measure to be encouraged, based on currently available evidence or past practices, but inter-sector impact is seldom considered. This is disrupting any climate change mitigation effect produced by the CE, because of the sequential nature of decision-making along supply chains. For example, the kind of raw materials used to produce clothes could affect the climate change mitigation outcome of reusing them, or the type of fuel used in vehicles to transport recycled items could affect the total carbon emissions of this recycling activity. While the CE has great potential for mitigating climate change, it is totally dependent on these upstream decisions, which can greatly boost or undermine the CE's actual performance. To calibrate the scale, it is imperative to bring the CE up from the bottom of the value chain to the top. In fact, some pioneering actions have been carried out in this regard. For example, the labelling of quality second-hand clothes, furniture and electronic equipment has been adopted as a strategy to "win the day", such as ReVital, Kringloop, and RESALE, and tracking programmes like Digital Product Passport can also help. However, these are indirect and far from adequate. To fully unlock the climate change mitigation potential of the CE, it should become one of the principles governing industrial and sectorial activities, and CE operators should become "expert consultants" for these activities. As current EU climate policies lack recognition or focus as regards the role of the CE, advocacy is sorely needed.

STRATEGIES FOR WASTE MANAGEMENT OPERATORS

There are two strategic priorities for CE operators to become official participants in the climate field. The first is to be included in the carbon credit system through various programmes, including climate change mitigation modelling programmes, with reuse/recycling activities officially recognised as a positive contribution to climate change mitigation, which serves as a foothold to gain more political focus, opening up more policy opportunities in the future. This also means that more scientific data collection and calculation methods can be expected. As carbon gradually becomes 'currency' in the long term, carbon removal is expected to be integrated into the wider carbon credit system, boosting the second-hand market. CE operators with their proximity to stream sources will also gain a competitive advantage over original product producers with even lower carbon footprints for transportation.

The second priority is to find opportunities to serve as expert advisors for standard-setting and policymaking. Professional reuse/recycling operators have specialised knowledge and unique experience in the waste management field and hold a key position at the meeting point between waste and resource. Gaining legitimacy as experts enables CE operators to have a much stronger influence over how products can be best designed, used and collected for the

best CE performance. By pushing upstream players such as contractors to abide by reuse/recycling-oriented demolition standards, such as on-site classification and modular design, streams can be improved in quality. By exploiting a unique position as the main component of the reuse/recycling industry, social enterprises will also gradually gain a competitive advantage as the industry develops into a professional, specialised sector whose unique knowledge and expertise are sought.

For example, the Renovation Wave initiative is a key initiative in the EU's GREEN DEAL. The idea is to renovate buildings to increase energy efficiency, reduce emissions and create green jobs. A large-scale renovation movement like this should be closely followed by CE operators, because huge amounts of demolition waste will be generated and huge amounts of new materials consumed. Thus, it is imperative to bring in experts to provide guidance for the movement, making sure that the least possible emissions and waste are generated, and the maximum amount of reused/recycled materials are adopted throughout the process. According to the communication document [5], the EU pays considerable attention to the reuse/recycling of materials in this initiative, making this a great opportunity to advocate the recognition of legitimacy. As mentioned in the paper "How Does the Circular Economy Discourse Affect Policymaking? The Case of Streamlining Waste Utilisation in Finnish Earthworks" [6], when the CE is introduced into the discursive space of policies, a paradox arises: more lenient regulation can promote the use of waste, but will result in less up-cycling. However, this paradox is only short-term and is conceptualised in the wrong way. In fact, one source of the inadequacy of secondary raw materials compared to virgin materials is the lack of a comparable quality certification and control system. To build such a system requires close collaboration between policymakers, end waste users and CE operators. Advocating stricter regulations will benefit the CE in the long term by giving credibility to secondary raw materials, facilitating trading and addressing the growing concern of "greenwashing".

CONCLUSION

By looking into current connection between the CE and climate policy at EU level, the situation faced by the CE in the climate policy field is that its mitigation potential is widely recognised, but there is little confidence in its actual performance because performance varies from case to case due to various factors. Under such circumstances, it is imperative for CE operators to 1) achieve official recognition with concrete data supporting their role as a mitigators; and 2) improve the CE's status and discourse power in the policy field. To address these two needs, it is recommended to take action in two directions: 1) advocate to include reuse/recycling activities in the carbon credit system for data integration, e.g. via the Carbon Removal programme in the EU; 2) seek consulting/expert roles in any possible programmes concerning waste generation and management, such as the Renovation Wave initiative in the EU.

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