

BY CHRISTOPHER SCHROEDER

Rude Wakeup Call

*Joe Biden says
“America is back.”
But back to what?
The tech world has
changed dramatically
since he was in office.
Wake up, America!*

I remember reading recently in the memoir of Lee Kuan Yew—the remarkable founder of Singapore—him noting that independence in Malaya began the day the British surrendered to the Japanese in World War II. Up until then, the Brits were viewed as demi-gods, unbeatable, elite. But when an Asian army—often on bicycles and outnumbered something like three-to-one—defeated them, structurally and psychologically the region never viewed Great Britain in the same way again.

In recent years, America has taken a very different role and tone in our engagement in the world, one that may forever change the way the world views us structurally if not psychologically. Joe Biden’s first tweet once learning he had won the 2020 election was, “America is back!”

But back to what?

Today’s world has shifted profoundly since well before Covid-19. A fraction of shifting events well in process and only accelerated by the pandemic include the rise of China and Asia more broadly; Brexit and a rethinking of a new future in Europe; and astounding technology and new generations pushing societies bottom up across the globe and in parts of the world America often ignores.

As a global venture investor who once flew 250,000 miles a year and now tours the worlds of innovation through hours on Zoom each day, I have a very specific lens on this shift. And it is right at the heart of where historically America has had its greatest strategic advantage—technology and innovation leadership.

I’m often asked what are the most important tech revolutions today, and certainly spend much time thinking of the ramifications of artificial intelligence, machine learning, robotics, genomics, and more. But for me the greatest and least-understood revolution is not the tech itself, but the near-universal access to it.

Across the world, 70, 80, 90 percent of mobile users have a smart device. This of course is not merely a phone or way to check social media, but a super

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computer in each device many times more powerful than all NASA had in 1969 to put a man on the moon.

This has meant—globally—unlimited access to all human knowledge, insight, and experience. It has offered an unparalleled ability to share and learn from each other and collaborate. It has unleashed an unprecedented period of empowerment where the more individuals see people like them building something and succeed, they believe they too can achieve it. As talent is everywhere, so innovation to solve problems is anywhere. And away from the West—from Jakarta to Cairo to Lagos to São Paulo—it is as if billions of new customers have appeared almost over night craving products and services on their terms.

Now massive local tech enterprises are unleashing problem-solving locally, regionally, and even globally by the very people with the greatest stake in finding solutions. It is inherently a bottom-up phenomenon, not waiting for governments, NGOs, or big business to solve problems for them. As Dina Sherif of the MIT Legatum Center for Development and Entrepreneurship, herself familiar with both top-down institutions and bottom-up innovation, tells me: “Top-down institutions think of people as problems to be solved—we here in, say, Washington will solve you poor people. But the bottom up look at people as assets to be unleashed.” And they look to their backyards now.

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—C. Schroeder



Dina Sherif

mindset of people of my generation with a certain view of America’s role of leadership in the world. They have come of age in two Gulf Wars, two financial crises, Covid-19, and more. They have assumed access to technology with easy, convenient, available information, products, and services. They are global day one, because bottom up experiences are one click away. And dissatisfied by top-town institutions’ inability to act, they are taking the reins of impact themselves.

In my world, the old American playbook as access to technology increased was to show up where a market was big enough, or outsource where labor markets were cheap enough. And for years overall, that worked. The Facebook, Instagram, WhatsApp, Google, or Intel of almost anywhere has been, well, Facebook, Instagram, WhatsApp, Google, and Intel.

This is no longer the case. For the first time, billions of people have local and regional choice. They no longer have to accept only one-stop-shop products from the United States but have access to services more attuned to their realities and cultural differences. The largest e-commerce player in Latin America is not Amazon, but Mercado Libre with a market cap of over \$90 billion. The world’s largest neo-bank, Nubank, which allows over thirty-four million people in Brazil and beyond to have access to credit, is valued at over \$25 billion. The largest ride sharing and super app in South East Asia is Grab, whose last round will be surpassed at over \$14 billion.

And literally hundreds of thousands of young entrepreneurs globally are coming to help billions of people have access to mobile money, credit, goods and services, education, health care, and more.

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There is a presumption, also, in the “America is back” meme that the world will line up in favor of America versus China. A year ago I spent a month in China in the tech communities, focusing on how they view geographic expansion. By coincidence, a leading non-profit in global entrepreneurship, Endeavor Global, hosted about over two dozen growth-stage tech CEOs in fintech from Latin America, East Africa, and South East Asia the same time I was there. I crashed a few of their meetings with the juggernaut players in China and two things astounded me.

First, watching the dialogue, it was clear to me that all of these executives shared much more in opportunity and challenges among themselves than with Silicon Valley. For all the differences culturally, historically, and geographically, all were similarly obsessed with navigating last-mile logistics, unpredictable and shifting regulatory environments, how to educate millions of new customers who never had a bank account and were moving money and finding credit for the first time, and more. Their Chinese compatriots had been through all of it, and spoke their language. At dinner, CEO after CEO came up to me and said in effect, “You know, of course, these guys understand us much better than you Americans.”

Second, there was not only a willingness to partner with Chinese companies but an enthusiasm for it. I asked who would choose to use AWS (Amazon’s cloud services) or Ali Cloud (the competing Alibaba service) in their businesses if Ali was 50 percent less in price. They nearly shouted at me: “Fifty percent? I’d take Ali at 15 percent.” I asked whether they worried about putting their data there. To a person: “We are worried putting our data on Amazon! We know only to put data we are comfortable sharing and keep the most sensitive stuff on our own servers anyhow for now.”

How surprised should we be that within a few days of President Biden’s inauguration, our great ally, Germany, led the European Union in a new investment deal with China? A package of increased market access to a massive and

sophisticated market, reduction in non-transparent subsidies, and actions on human rights is pretty compelling. Will this be real in detail, and will it be reliable with time? Time will tell. But the key takeaway is that the world has a choice. In order to compete, America must compete and do so by moving forward in new realities.

As terrible as Covid is, it has accelerated all of these trends. Hundreds of millions of people around the globe have been compelled to use mobile money, purchase goods online, take classes digitally, and seek medical attention virtually. Perhaps ten years of human adoption has happened in a matter of months. The wide rise of new technologies in artificial intelligence and 5G and more suggests extensive acceleration coming.

And, impossibly, we are in the earliest innings.

In the pace of this shift, perhaps my greatest surprise of all is two-fold and seems contradictory. At one level in my travels, it is stunning to me how little America comes up, if at all. It is not that there is an absence of interest in the latest innovation or access to markets or investment from America, but rather steely focus on what most quickly and efficiently will allow success at home. At the same time, I’m also asked frequently and repeatedly, “Where are you guys?” In a new world of choice, America may no longer be the only or central one—but our innovation, rule of law, market size, respect of intellectual property, and more still position us strongly.

But it does require a new engagement. The new world is more a co-authorship of skills, understanding, and mutual interests rather than a presumption that the American view of the world and model must be followed in isolation. In the future, we will be learning from and replicating global models and experience. We will learn plenty from other governments who have freshly embraced best practices and technology to leapfrog their societies economically, and are creating regulatory regimes in partnership with innovators and the private sector to create forward-thinking rule of law to unleash the potential and opportunities coming from new generations.

For all the opportunity and excitement that comes from access to technology, it is worth remembering that nearly two billion have none at all. We are effectively saying to the planet that billions can participate in the economy, but you can’t have access to roads. For all the potential the tools of technology have to solve problems, bad actors and regimes will use them to their advantages at great cost.

With humility and a very new engagement, in these challenges also America in fact can be “back.” It means we have to see a new world for what it will now forever be, but committed to values and rule of law and respect to be a leader in opening and cultivating market access.

We will be judged by this appreciation but most of all by our actions, and not by our words. ◆

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