

Talks at GS
Verena Pausder
Founder, Fox & Sheep
Wolfgang Fink, Moderator
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Welcome to Talks at GS, where leading thinkers share insights and ideas shaping the world.

Wolfgang Fink: Good morning and welcome to Talks at GS. My name is Wolfgang Fink. I'm the CEO of Goldman Sachs Bank Europe. And I'm delighted to welcome Verena Pausder, tech entrepreneur, author, expert for digital education.

Verena has an extensive career in tech industry working for be2, furdelsmann [PH] and as a CEO of children entertainment company goodbeans. She later founded Fox & Sheep, a company focused on developing apps for kids, which quickly became the largest app developer for kids in Europe, reaching over 30 million downloads.

Let's start with, if I can, your earlier career. Verena, how

did you come to be in the technology industry?

Verena Pausder: Well, I studied in [UNINTEL]. I studied finance and business administration. And then actually worked in investment banking in London. And always thought that this digital space, the internet as you called it back in the days, was fascinating because I thought it will never end. You will always be part of something that reinvents itself every five years. New business models coming up. New players. A lot of disruption. So, those players who used to be the big ones are not necessarily the future champions. So, it fascinated me to get a foot in the door.

And so, 2007, I basically quit my path I had gone down until then and said I'm going to start as a newbie in this digital space. I'm going to be like the executive assistant or like a founder's associate, was the title, to the founder and just help him with everything he does.

And that turned out to be, probably, the best move I could have possibly done. It threw me back salary-wise a lot. It threw me back ego-wise a lot because you suddenly didn't

know anything and had to start all over again. But I thought I was late to the party in 2007. I thought, like, oh, now you're entering this space in 2007, that's late. Oliver Zumbel [PH] and all those guys are already there for ten years. But it turned out it was actually pretty early. And so, yeah, that's how I started off.

And until today, I'm fascinated by the speed, the courage, and this a little bit weird kind of thought that you can really change everything if you have the right idea, the right team, and attract capital.

Wolfgang Fink: Your journey made you one of the most successful digital entrepreneurs. And then in particular focusing on children's entertainment and the digital education space. So, how come that became an area you were particularly passionate about?

Verena Pausder: I had my first few children pretty early. And kind of saw not only for those two, but in general, thought of how will they grow up? What role will digitalization play in their lives? And where at the companies, kind of like the Disneys of the future? And why

don't founders jump on this huge digital tech/education market for children?

And one reason was because it's a split target group. You address the product to the parents to pay. And then the children use. That's pretty difficult because you have a lot of data, privacy restrictions, and obviously, dealing with children is more difficult than having an adult in front of the screen. And secondly, they just had no real touch to that world.

And so, I think it was a USP that I was early to the game. I wanted to have a business model that scales worldwide because I wanted to kind of prove that women can also think big and they don't just, like, build a little app company around their children in Germany. They want the Chinese market and the Brazilian and the Russian and the Indian market. And obviously, the business model and the app store gave you a platform to go worldwide in minute one. And so, that's what we did.

We went into 135 countries, covering 18 languages and tried to build the best apps for kids in the sense of if you

take a book for children where you think, like, oh, I loved this book as a child, how can we be the app where our children say when they grow up, "Oh, I used to love this app when I was a child." So, how can we create evergreens in the digital space and not kind of fast-moving consumer goods that go away after three, four years again?

Wolfgang Fink: So, how can we ensure that, especially, younger users can embrace digitalization early without over consumption?

Verena Pausder: Digital consumption is nothing we should be proud of. Digital creation is what we should foster. What we do at the moment is we give a long leash to digital consumption because we feel like, oh, what rules should we set? Is that still up to date that we kind of take the devices away from the kids if we're on our devices all the time? And my clear answer to that is, yes. We should really fight those battles with our kids because for young children, but also up to the age of them becoming teenagers, digital consumption, if we let it go loose, then they will never have an incentive to go towards digital creation.

So, the rules which we have set for our kids, but which I have promoted a lot, is give a time budget on digital consumption. And if they then ask for the device and you can say, "Yes, you can have creation time. You can do a stop motion video with your Lego figures. You can do a podcast. You can code. You can program your robot." All that is creation time. And I just want to see the result.

Like when we were young, we did circus kind of presentations for our parents or something. So, I want to see the result. But if you need two hours for this stop motion film or one and a half, I don't care because we wouldn't let our kids play Lego and say, "But you're not allowed to play longer than half an hour."

So, to kind of give them this feeling, wow, if I do something creative on these devices, then my parents are actually in. And I think that is something we should do to change the narrative.

And maybe one shocking figure on that is we did a survey during Corona times in the families of schools with very low

educational backgrounds. And the children played six to seven hours of Fortnite per day on average. And Fortnite is, for those of you that don't know it, is like the number one game right now. Boys like it a lot. And six to seven hours, I remember the studies when I was a child where it said, wow, children watch two to three hours of TV on average in those families. And so, I think we all have to turn towards this topic and say digital consumption will kill creativity. And how can we make our children creators of this new world?

Wolfgang Fink: Talking about the whole pandemic, you alluded to it, I think the last two years taught Germany, but I guess a lot of other nations as well, a lesson when it comes to digitalization, especially in schools. And I think we have all our own anecdotes about that. What is your takeaway once the pandemic is over?

Verena Pausder: Well, the first takeaway, and that was already there before the pandemic started, is we need a digital infrastructure in the schools. That doesn't change school, yet. But it's kind of the foundation. And not the foundation for opening pdfs on tablets and then doing the

same math exercise that we used to do in books. That's no value add. And that's not new learning.

What we want, especially in Germany where we have a huge lack of teachers on the one hand, on the other hand we have a very bad infrastructure and we have a very high dependency of how educated are you depending on the household or the background you come from, what we need is individual learning so that a child is looked at individually. What's your case of learning? What's your language which you come, like can you speak German fluently, or English depending on the school? Do you have any shortcomings which we have to take into account? Or are you especially talented in one subject?

And at the moment we do one lesson for 30 kids regardless of their different learning behaviors. And only digital education can solve this because we won't be able to double up on the number of teachers. It's a figure that's going down. And why did they want to become teachers at some point in time? Because they care about kids and their learning and helping them to grow. But they have absolutely no time for this side of their job.

Wolfgang Fink: I think one point you made resonates a lot with me, which is the point of the equality and the equality gap that we are having. Do you think that with the right kind of, let's say, digitalization framework, we can deal with the equality gap?

Verena Pausder: We come from an OECD study which says that Germany is highly unfair in terms of education. What I just said, depending on the household you come from, this is what you can actually achieve in life. And we have very little fluency. So, we don't teach entrepreneurship at school. We have a school system which early on puts children into the secondary school where we already know this will lead a lot into unemployment or not the same jobs as if you enter the gymnasium.

And that's often a question of the wealth of the parents because you need tutoring to get in or to get good grades. And we just simply don't have a talent scouting at an early age of seeing where is your talent and how can I increase this talent? We very early put them kind of like in drawers,

scheuplan [PH] as we say in gentlemen. And say, this is the scheupladder [PH] you're in. And it's very difficult to get out.

And the big promise of digital education should be to close this gap or at least to narrow it. But what we're actually seeing is because our digital infrastructure is so bad, that it actually leads to even more inequality.

So, during Corona times, 2.8 million kids didn't receive any lessons, tutoring, anything at home simply because they didn't have either the internet at home, a device, or parents that could support them. And those were, obviously, more the kids that already were struggling.

Wolfgang Fink: It needs, obviously, also teachers and supporting infrastructure that enables the digitalization. How did you go about that? You founded that non-profit. What does the non-profit do?

Verena Pausder: The non-profit does three things. First of all, we train the trainers, so the teachers. So, we say we can't provide the infrastructure, that has to come from the

state. But we can accelerate the training for the teachers because it's first of all, still very offline. And it still has little to do with actually knowing how to include the digital devices in a way that help you have more time for your students and not more time being a system administrator. So, that's one thing we do.

Then we go into the afternoon program of schools where the children stay till 5 or 6 pm because the parents work full-time in jobs where they can't afford a nanny or pick the children up early and offer coding, robotics, animation, film classes in the afternoon. Because due to the lack of teachers, we don't really have a lot of schools yet that cover the whole day. And those that do have kind of a problem in the afternoons what to give to their kids content-wise because they just simply don't have enough teachers on the ground.

And the third thing we do is we pay the fees for every child in Germany who wants to join coding classes of, basically, digital labs I've built across Germany so that we don't let any child behind that actually wants to start coding just because he or she can't afford the course.

Wolfgang Fink: You basically published a book and wrote a book *The New Country*, which I mentioned. And this book presents a vision for Germany and how the digital education would be the foundation of the country's modernization. So, you take it from the education to the country and to the modernization of the country. Can you talk a bit about this to us and why you were inspired to publish a book on this based on what you have experienced before and what your motivations were?

Verena Pausder: Yeah. I felt like my generation, I'm 42, is too quiet when it comes to the big challenges we're facing. The [UNINTEL] for future generation is very loud. They're driven. They're political. They feel like they all have to go into politics. That's the only place where they can really influence what's happening. And my generation never thought that. We always thought, like, politics are slow and if you want to achieve something, go to the free markets and you can also tackle problems from outside politics.

And I felt like that might be true, but that makes our lives pretty easy because we kind of bash politics and say, pooh,

if we would be doing it, we would be doing it much better. And on the other hand, we spent a lot of our time growing our personal wealth, but not really giving back until we're like 60, 65 and we feel like, okay, now I've kind of ended my career and now comes my payback time.

And my book was not kind of a shaming book of, look you 42-year-olds, you should be doing much more. More it was kind of a solution book of, if I was in charge and if we were to really activate all the strength we have, what would we be doing in the fields of digitalization, decarbonization, education, equal rights, diversity? And so, I basically kind of wrote about a new country, how could it look like, but how would we actually put it into action.

Wolfgang Fink: You have also championed an initiative which is called Stay On Board, which is actually championing change in the legislation for board members to take parental and extended leaves. Can you talk a bit about that and how the campaign came together and what drives you to push that agenda as well?

Verena Pausder: So, in March 2020 I read in the online

news that Westwing, an e-commerce start up that is stock listed, that one of their CEOs and board members, Delia Lachance, who also founded the company, quit the company because she will have a baby. And I know Delia very well. And I thought, like, that's new to me that she quits. I knew she was having a baby, but why is she stepping down.

And so, I called her and said, "What's wrong? Don't you want to come back?" And she said, "Oh, I'd love to come back. But actually, there's no way of taking time out if you have a baby if you're on the board of a stock listed company without liabilities and everything going on while you're away." And then I started some research and thought, like, is she maybe the first board member of a stock listed company in Germany that is pregnant? And it's like, no, that can't be true.

And then you see the statistics that board members are on average 53 and that they're obviously mostly male and that, obviously, only due to startups now entering the DAX and MDAX, companies that are founded of young people have board members below 40. And that that topic might

be something new.

And so, the whole initiative Stay On Board started to say you shouldn't be turning down your board member in 2020 if you have a baby. But that goes for women and men. You should be able as a man to say I want a two- or three-month period of time out.

Wolfgang Fink: How did you get on with it? What were the reactions?

Verena Pausder: The amazing thing, and that was something nobody would have thought is, if you come with such an initiative and you really want to change the law, then people say it's not possible if you're not in Parliament. And we actually managed to change the law within 12 months after this initiative started.

So, in June this year I sat in the Deutscher Bundestag and listened to Stay On Board becoming German law. And that's a moment that so many lawyers helped, so many people, so many great board members from all of Germany basically - so, Dieter Zetsche, former CEO of Daimler, that I

felt this is a moment that you can do politics from the outside. And you can actually change the law that hasn't been changed for over 100 years. You just have to dare to try. And this is something I have been doing since, trying to dare more and not to look at the risks in minute one, but more at the chances.

Wolfgang Fink: You and your husband are a fantastic team. It is clear also when we read your interview in [UNINTEL], the both of you spoke about how to make it work with a six-headed family. And so, my question would be, as we all face our challenges in this space, what's your advice to couples who both have equal careers, and they want to start, or they want to have a family? How did you go about it and what makes the success in these situations?

Verena Pausder: Well, I think first of all you need to have the discussion that you want to allow each other equal careers. Because if the one works 80 hours and you want a family, then obviously that means for to there one he can't work 80 hours. And some jobs may still have this kind of work pension [PH] and founding a company is also kind of

an unknown. There might be times where it gets very intense.

And I think we sat in front of each other ten years ago and said we both would like to found a company. And we both would like to found a family. But we know that there will be times where it won't work as well for the one or the other. And so, kind of like, what's our family promise we give each other? And I think this family promise was for one that regardless of our jobs, we both have our kids first in the sense of when the kieter [PH] calls or when the school calls, the call doesn't always go to the mother because that's often the case. And then you are on the list for the parent evenings and for bringing in cake on Friday and everything. And then before you actually can talk to each other again, it's already very imbalanced.

And so, we put our names, both names on all lists. Phillip clearly has the kids first as I do. So, in the sense of if there's something going on, it's not necessarily me. We divide it between the two of us. But then again, we also know that life is in phases and that there might be a time in his company where he needs my backing and the other

way around. But I think if you really want both to have a career, it has to go both ways.

Wolfgang Fink: Thank you so much for being here. We obviously wish you with all your endeavors all the best.

Verena Pausder: Thank you, Wolfgang.

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