



# FORMER HEAD OF GOOGLE'S PROJECT ARA ON LEAVING TO START AIRBUS' NEW SILICON VALLEY LAB

News / Personalities



At this point in Silicon Valley's history, it's nearly impossible to walk down the street without tripping over some incubator or accelerator created by a major corporation hoping to magically capture a little bit of the region's innovative pixie dust.

Most of these efforts don't amount to much more than sightseeing trips, however. And nobody knows that better than Paul Eremenko, who is determined that the innovation lab he's creating for France's Airbus Group will rewrite the rules while having a transformative impact on the company that hired him.

Dubbed "A<sup>3</sup>" or "A-cubed," the lab is part of the company's increasingly aggressive approach to reinventing itself. A global leader in building commercial airplanes, Airbus finds the aerospace industry it has traditionally shared with Boeing attracting growing interest from startups eager to knock both from their perch.

"Airbus is at a good place in its history," said Eremenko in his first public interview since joining Airbus last summer. "I think anytime a company is doing well, there is a danger of complacency. Our CEO has been a good source of thinking about what are the disruptions coming that we're not seeing."

On May 18, A<sup>3</sup> will hold its first official public launch event at its downtown San Jose space. In reality though, Eremenko has been ramping up his team and its strategy since he joined last summer. And with the veil on the verge of being lifted, he has finally reached a point where he was ready to talk about his plans and the role of his lab as it relates to Airbus.

Airbus is based just outside Toulouse, France in the small town of Blagnac, where I met with Eremenko while he was making one of his regular visits to the mothership. The company is a complex animal, the result of a merger in 2000 between various state-owned and private aeronautics companies in Germany, France, Great Britain, and Spain. It makes two-thirds of its money selling commercial aircraft, but “defense and space” is its second-largest division, followed by helicopters.

Tom Enders became CEO of Airbus in 2012, and has continued to consolidate its headquarters in Blagnac. It was Enders who was determined that the company could not get caught flat-footed by shifts in technology. And so he has been launching a nonstop series of innovation initiatives that span the company.

At the DLD conference in Munich earlier this year, Enders announced a partnership with Uber to create a trial for on-demand helicopter service. Last year, Airbus struck a deal to build the satellites for OneWeb, the Virgin-backed effort to create a space-based Internet system. It also just created a network of accelerators called BizLab in 2015.

The company is now running a contest inviting people to crowdsource the design for a cargo delivery drone. That’s part of a broader ambition to get involved in the drone industry.

The reason for this frenzy of activity is simple: The barriers to entering the space and commercial aircraft industry are falling and attracting more startups and investment capital. In an age when technologies like GPS and gyroscopes that were once the domain of the aeronautics industry are now being built into a smartphone, the threat of disruption is mounting.

“Elon Musk, that he started in the space business 10 years ago, we didn’t take him seriously,” Enders said at DLD. “And only 10 years after, he is really disrupting the space business. And when I met him in the spring last year, I thanked him for that because it was a big wake-up call for those of us in the traditional space industry to do it differently.”

Two of Enders’ biggest reinvention efforts are based in Silicon Valley and were announced last summer. The first was a \$150 million venture fund called Airbus Group Venture. The second was the A<sup>3</sup> lab, with Eremenko hired as its first CEO.

In turning to Eremenko, the company selected someone who, at the age of 35, has already charted a unique career through some of the more notable names in innovation.

Eremenko, himself a licensed pilot, has an undergraduate degree from MIT, a graduate degree from Caltech, and a law degree from Georgetown. He began his career designing drones (or, they were called in the early 2000s, unmanned autonomous vehicles) for Aurora Flight Sciences and Charles Stark Draper Laboratory.

He was then recruited in 2009 to join DARPA (Defense Advanced Research Projects Agency) by Regina Dugan, the agency’s first female director. He followed Dugan when she joined Motorola’s Advanced Technology & Projects division, which was eventually subsumed by Google.

At Motorola and Google, Eremenko led the team that began developing Project Ara, a modular

smartphone designed to allow complete personalization of the hardware.

Eremenko won't say too much about his experience with Google, though he notes he led the project through two prototypes before he left. Not long after his departure, Google delayed a trial of Project Ara in Puerto Rico. There haven't been any more updates since from Google, though some are hoping for an announcement of some kind at the company's upcoming I/O conference later this month.

(More recently, Dugan left Google in April for a similar role running Facebook's future-facing Building 8 team.)

Meanwhile, Eremenko has been too pre-occupied with his new role and answering a big question: What is the right innovation model for A<sup>3</sup>?

In his view, many corporate labs are too slow, investing too much in a single project that take years to develop and are usually abandoned when they realize the market for it doesn't exist. The other track many companies take to be innovative is to acquire it.

"We don't want to be just another corporate lab," he said. "And we don't want to be a startup scout."

So A<sup>3</sup> has developed what might best be described as a kind of federated innovation model. Rather than looking for specific technologies or products, Eremenko is looking for smart people working in areas of interest for Airbus.

Eremenko then brings those people into A<sup>3</sup> with essentially a two-year deadline to develop a demonstrable prototype of a product or service. Those people are given a budget to go out and hire their own team, along with a long leash to pursue their concepts.

Along the way, A<sup>3</sup> is there to offer guidance, but also to help recruit employees, forge partnerships with vendors who can build certain pieces, connect with other Airbus divisions, and eventually find other investors. That might include Airbus' own fund, though that remains a separate entity from A<sup>3</sup>.

"We go out and try to find the best talent," he said. "They are the CEO of their own company. Then we make it time constrained. Within those parameters, you find some pretty interesting people and ideas."

Eremenko also offers a clear mantra to these project leaders: speed, openness, and product focus.

The reason to partner rather than build every component is to accelerate development. Eremenko is also developing a one-click nondisclosure agreement so teams don't feel they need to stop a conversation to let lawyers get involved. And eventually, he expects projects to be posting their work on Github.

Even as Eremenko has been developing this approach, he's recruited his first four projects that are already underway:

A project to further develop the on-demand helicopter service. The Uber partnership was mostly focused on the Sundance film festival. But Airbus believes many corporate helicopters are underutilized. The key is to better understand things like availability, price elasticity, and writing a good algorithm to match owners and customers.

A natural-language processing service for legal contracts. The goal is to simplify legal agreements to make partnerships with suppliers or university researchers as frictionless as possible.

Something related to “autonomy.” Eremenko is hesitant to say too much about this one because it’s awaiting some approval by the Federal Aviation Administration before going forward.

The passenger experience in an airplane. Airbus is thinking about the fact that after decades of flying, people still just basically sit in a seat for several hours. “Why hasn’t it changed in 50 years?” Eremenko said. Yes, there are safety reasons. But when it comes to things like the Internet, eating, or entertainment options: “These are all somewhat subpar. Why does it have to be this way? This is valuable commercial real estate.” The goal is to lower the barrier to access to allow all sorts of companies to offer in-flight experiences without compromising safety.

Eremenko hopes to eventually be managing up to 12 such projects simultaneously. It will likely take some time to fill out that slate. And it will be even longer before any of these projects will be in a position to have a demonstrable impact on a company the size of Airbus.

But Eremenko also isn’t interested in leaning back and wasting a lot of time chasing grand visions of a future that may be decades away. He’s keenly aware that someone, somewhere is going to disrupt some part of Airbus’ business.

He wants the disruptor to be Airbus.

“It’s a long-term bet,” he said of A<sup>3</sup>. “But the onus on us to demonstrate value.”

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