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NORDIC

2016

Business Report



SETH GODIN
The Brief History

**MOMONDO'S
PIA VEMMELUND**
Becoming a
Global Player

MR. CREATIVITY
Ed Catmull's
legacy with Pixar



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LET'S DRIVE TOGETHER



Who Owns the Future?

Newspapers and magazines, just like this one, are crumbling under the digital intermediaries such as Google and Facebook. Combined, these two media gate-keepers of the post-digital age already account for more than half of the digital advertising revenues globally. And why is that important? Because advertising has become the biggest business in the information economy, now fueling the next advancements in technology.

In 2014, Google was reported to spend over half a billion dollars for the artificial intelligence startup DeepMind. Google now runs approximately 3,000 software projects involving AI technology called Deep Learning. The company executives have publicly stated that Google aims to become an “AI first” company. In an earnings call in March, Google CEO Sundar Pichai said that “we’re at an exceptionally interesting tipping point where these [AI] technologies are really taking off.” Like Google, Facebook also operates their own AI lab, and these two are not the only technology behemoths betting heavily on AI and robotics. Microsoft has been working on machine learning since the early 1990s, and Apple and Uber have also invested heavily in artificial intelligence. Just a little over a year ago, Uber hired away 40 researchers at Carnegie Mellon’s National Robotics Engineering Center. In late May, Amazon CEO Jeff Bezos said AI has become a big deal and that his company has been working on AI behind the scenes for four years.

The advances in teaching computers to think for themselves and improvise solutions to various problems have fueled speculation of their potentially devastating effect on human employment. In January, The World Economic Forum estimated that in the next five years, over 5 million jobs could be lost to machines and robots in 15 major developed and emerging economies. However, the real economic and social consequences of machine learning are hard to predict and respond to. AI technologies can be astoundingly beneficial for humanity, but also result in increasing inequality. If the winner-take-all curve overwhelms the bell curve, it’s going to be a lot harder to build a culture we can be proud of.

Tuomas Liisanantti

Editor-in-Chief

Nordic Business Report

EDITORIAL



Paula Ojansuu

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Getting Facebooked

Facebook wants to become the Internet and is taking steps towards that goal by finding ways to keep people engaged. Globally, people spend already more than 50 minutes a day across Facebook, Instagram, and Messenger. Adding in WhatsApp only increases Facebook's dominance in controlling the post-app Internet. Time spent on Facebook has brought in record revenues and profits for the company in 2016, and it shows no signs of slowing down.

2004

Facebook was founded



38%

Growth in mobile ad spending in the US in 2016. That means mobile represents 63.4% of total digital ad spending in the US this year.



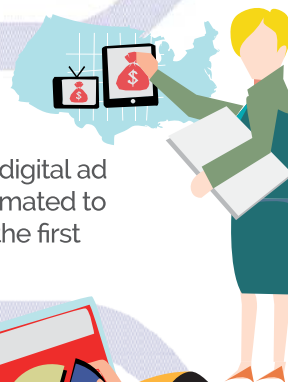
695%

Facebook's ad revenue increase in 5 years (2010-2015).



2017

The year when digital ad spending is estimated to surpass TV for the first time in the US.



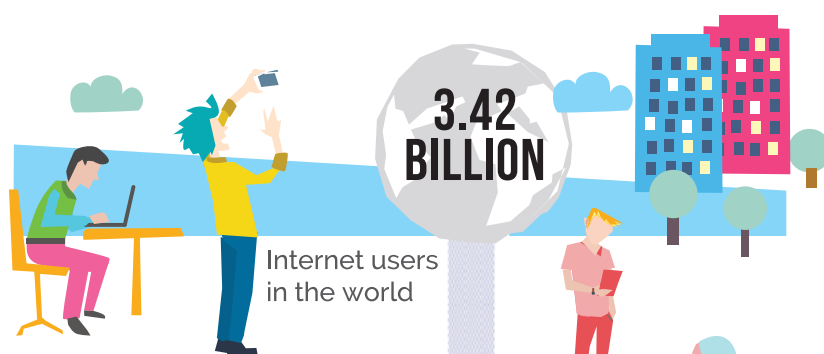
51%

of the total mobile internet ad spending worldwide was shared by Google (34%) and Facebook (17%) in 2015.



3.42 BILLION

Internet users in the world



\$18.5 BILLION

Estimated increase in digital advertising spend in 2016.

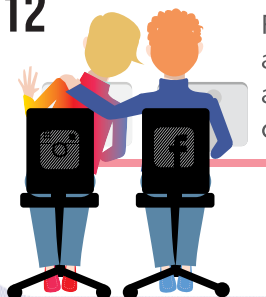


29.41%

The US consumer magazine revenue decrease in 5 years (2010-2015).



**APRIL 9,
2012**



Facebook
announces
acquisition
of Instagram

**MAY 18,
2012**



Facebook holds
its initial public
offering

**FEBRUARY 19,
2014:**



Facebook
announces
acquisition of
WhatsApp



**1.51
BILLION**

Mobile monthly active users
were 1.51 billion (as of March 31, 2016),
an increase of 21% year-over-year.

1.65 BILLION

Monthly active users
on Facebook (as of
March 31, 2016), an
increase of 15%
year-over-year

2015

Facebook earned
\$3.69 billion on
\$17.93 billion in
revenue in 2015;
revenue was up 44
percent from 2014.



MINUTES

Users average 50
minutes per day on
Facebook, Messenger,
and Instagram (not
including WhatsApp).



13,598

employees (as of
March 31, 2016)



**\$5.382
BILLION**

Facebook's Q1
revenue in 2016.



\$1.51 BILLION

Facebook reported net profit
of \$1.51 billion for Q1 2016.

82%



73% 82%

Mobile advertising
revenue represented
approximately 82% of
Facebook's advertising
revenue for the first
quarter of 2016, up from
73% of advertising revenue
in the first quarter of 2015.

**99,751,672
PEOPLE**

like Vin Diesel on
Facebook, making it the
largest audience among
celebrities (11/7/2016).



**100 MILLION
HOURS**

of daily video
watch time on
Facebook.





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The Brief History of Seth Godin

BY TUOMAS LIISANANTTI

Marketing author Seth Godin has become a business philosopher. What's next?

A fifty-minute drive away from Midtown Manhattan, in an area known as Hastings-on-Hudson, a downpour pounding the city streets is forcing everyone without an umbrella to run under the nearest roof. Stepping into the elevator, **Seth Godin** is catching his breath – not because of sprinting in the rain but because of a rush caused by a pit stop at a bakery. “Barely made it on time,” Godin says, carrying a bag of cookies. Only a minute later he is already in the zone, fiercely typing away at the external keyboard of his MacBook Air. This ability, to quickly transition his energies onto the written word, has resulted in 17 books and over 5,500 blog posts over a 30 year career.

For Godin, there’s no such thing as writer’s block. The habit of showing up on a regular basis and of writing when it’s time to write trumps the occasional feelings of resistance every time. In fact, in Godin’s mind, resistance is a symptom that he is on the right track. “You’re nervous and afraid because something might not work. We can’t fight it, but we can dance with it. If we use it as a com-

pass it almost always points in exactly the direction we ought to be going,” he explains.

Godin, who is fifty-five, became known as a marketing author but has cherished the fear of freedom to the point that his writing has grown harder to categorize. The path towards the more philosophical, almost poet-like texts began when Godin documented his ideas on delivering anticipated, personal and relevant messages that people want to get, thus revolutionizing the world of marketing.

1999: Permission marketing

“Marketing and advertising were the same thing then, and people thought that if you had money, you could interrupt whoever you wanted,” Godin recalls.

He had started an internet company in 1995, called Yoyodyne, based on only contacting people who wanted to hear from the company, but was having trouble explaining to big companies and clients why it worked. It would take months for Godin to make a sale so, since he understood how

to make books, he made a book about it. This led to quite a journey.

Godin got kicked out of the Direct Marketing Association because "they didn't approve of my heresy." However, a few marketers started to embrace the concept, and soon many internet companies started to use the idea as the sole basis of their marketing. Billions and billions of dollars in value was created and still today the concept of permission marketing lives strong through its close cousin 'inbound marketing'.

"I'm not responsible for all the email you get in your inbox, but the email you want to get; I'll take a little bit of credit for that," Godin chuckles.

But, if good results in marketing were so easy to achieve, everyone would succeed. In the world of 90-day justifications, figuring out the long game is still easier said than done. "Marketing is fueled by adrenaline. It's fueled by urgency and emergency. We see it at its worst in political campaigns, but we see it everywhere. We don't have time to do it right, but we always have time to do it over. We overcome our fear by creating an emergency. But this endless emergency is caused by the fact that we're not patiently working our way to a place of relevance. In fact, urgent patience, not hiding, but patiently building an asset is probably the single most overlooked thing that marketers fail to do," Godin sighs.

2003: Purple Cow

In 2003, Godin's thesis about half-measures simply not being enough, attention being the game, and remarkability living on the edges, manifested itself in the book *Purple Cow*. As a natural continuum to Permission Marketing's 'May I have your attention, please?' *Purple Cow* got to the heart of what it means to grab someone's attention by being remarkable.

"People only buy from you for two reasons. They know you exist, and they trust you. Awareness and trust, that's all," Godin encapsulates and continues, "The thing about awareness is they're not making any more of it. The thing about paying attention is if I pay you my attention, I don't have it anymore. It's gone forever. So we're getting more and more focused on keeping our attention to ourselves, not giving it to whoever shows up. Marketers have a history of just taking attention and wasting it."

Marketing is fueled by adrenaline.

By going forward, Godin believes that those marketers who treasure attention, who cherish it, who grow it and nurture it, will do better than the ones who are just racing around with an emergency. However, overcoming of one's narcissism might be an even bigger obstacle to getting people to care than running around like a headless chicken.

"The biggest mistake marketers make over and over again is the hubris of selfishness. The narcissism of 'I made this. It was really hard. You should look at me. I own, and you owe me your attention'. There's no humility there. There's no generosity there. There's no connection there. So, that is the big shift that we need to make. We need to make this shift away from having a tantrum and acting like a three-year-old to patiently earning the attention of the people we seek to serve," Godin explains.

2005: All Marketers Are Liars

There are a thousand ways to tell a story, but is there a true way? Maybe not. The truth is elusive. However, worldviews are changed by telling stories. So, who's truths do we believe? Although Godin was set to explore the underlying questions of storytelling in the book he considers the most important book about marketing he has written, he fell short when naming it. The otherwise catchy cover implied the book to be about lying, and that marketers were bad people. Luckily, Godin got to do a retake and the new cover, *All Marketers Tell Stories*, hit the streets in 2010.

Even though consciousness and the human mind are still some of the greatest mysteries of science, understanding how humans process information and how the story being told fits into the listener's existing worldview are fundamental building blocks for a marketer. The latter can only be achieved by being culture smart.

"Stories need fertile ground to grow in, and that comes from our culture. The culture is all around us. Culture destroys everything. Culture beats the truth. Culture beats math. Culture beats any offer you can make. So, we have to understand the culture, and we have to understand the worldview. We have to understand the perspective of the person we are talking to," Godin emphasizes and explains that it's the marketer's job to tell a story that resonates with people who are hearing it. If done properly, it wouldn't take progres-



Cooper Naitove

sive ideas, like doctors washing their hands before they delivered a baby, thus preventing the deaths of millions of babies, to take 20 years before others would start acting on them. If only **Ignaz Semmelweis**, Hungarian doctor and the early pioneer of antiseptic procedures, would have been a better storyteller.

2008: Tribes

A tribe is any group of people, large or small, who are connected to one another, a leader, and an idea. Leadership has to come from individuals, and part of leadership is the ability to stick with the dream for a long time. Long enough that the critics realize that you're going to get there one way or another, so they follow. From these premises arose Godin's best-selling book. Tribes opened up a whole new audience for him as it resonated with people craving for leadership lessons. On a personal level, it was the first book where Godin got "at the heart of the change" he is "seeking to make in the world". The book was about changing the status quo and not minding about the critics, at least if the only side effect of criticism is that you will feel bad about the criticism. Benefits of doing something worth doing far outweigh the bad feelings. The message of Tribes, that all of us are more powerful than we think, and all of us have the ability to make things better, became much more important for Godin than anything he had written before.

The organization of the future doesn't need a lot of people.

"I guess the way I interpret it is; I cried when I wrote Tribes, and I didn't cry when I wrote Permission Marketing."

2010: Linchpin

If Tribes opened the gates of the leadership genre, Godin's next bestseller, Linchpin was an ode to the indispensable workers that refuse to be average and pour all their energy, heart and soul into their work.

The idea of Linchpin comes down to the fact that work as we know it is now going away. That job, where you go to a building, stay there 40 hours, then go home, and do that again for 40 years before retiring, that's gone. Efficiency as a competitive advantage no longer suffices. Someone always has more robots and someone is going to be cheaper. Then what do you have?

"Well, what you have is people. And the question is: do you have compliant people; people who do what they're told, show up on time, get more efficient each day? Well, that's not going to help you very much because that's what you need in an efficient factory. Or do you have caring people, passionate people, connected people? Do you have people who act like they own the place? Do you have people who can look a customer in the eye and make a difference for that customer, because it seems to me that's all you've got left," Godin says and continues:

"Once it's a robot, anyone can buy the robot. But that person, that person works with you –

not for but with you. And no one else can have them as long as the two of you are dancing together. That's where success lies. You don't handle linchpins. You welcome them. You embrace them. You nurture them. The organization of the future doesn't need a lot of people."

What Godin thinks these organizations need is the kind of people who are willing to make a difference, who are willing to stand up and say, 'I made this.' Linchpins, who are restless enough that if things are not kept great, they'll leave because someone else wants them. "Isn't it better to have someone so great, you would miss them if they were gone than it is to have mediocre people who you are confident have no place better to go?" he asks.

2012: The Icarus Deception

'I know it's over,' Icarus says to the sun. Indeed, the wings melt causing Icarus to plummet into the sea and drown. The lesser known part of the Greek myth tells that on top of warning Icarus about flying too close to the sun, his father, Daedalus, also told his son not to fly too low as the seawater would dampen the wings. So, what if many of us are flying too low? In his most personal book, *The Icarus Deception*, Godin explains why all of us should become artists of our craft and share more of ourselves with the world. Flying too low, Godin believes, is the far more common failing. A couple of misunderstandings about skill and talent lie at the heart of the problem. First of all: Skill is something you learn. Talent is something you were born with.

"I will grant you that dunking a basketball is a talent. I will never be able to dunk a basketball. But with few exceptions, almost everything in our life is a skill," Godin begins and soon continues, "I'm not going to get into the NBA, so let's leave that off the table. For everything else, it's about skill, and skill is easier to acquire now than ever before."

So, the first mistake, according to Godin, is to let yourself off the hook by saying, 'Well, I wasn't born able to do that.'

Another thing about talent, or 'the talent lie', as Godin puts it in *The Icarus Deception*, is the twisted way we look at talent in our organizations.

"It's not a lie because there's no talent out there. It's a lie because many organizations only pretend that they are looking for talent," Godin writes.

What if many of us are flying too low?

What he means is that talent is wanted, but only as long as that talent is productive and predictable. Talent is wanted, but only if talent means more work product per dollar, more effort per day, more of what we think we are paying for.

According to Godin: "We can't hope for a boss or a colleague or an employee who is one in a million and then demand that this person have no grit; do nothing to slow down the assembly line. It's one or the other. If the organization desires efficiency, it must embrace the status quo and avoid grit at all costs. On the other hand, the organization that wants growth and seeks to create value, has no choice but to hire linchpins. The ones we can't live without. The ones that stand for something. The ones with grit."

2016: ...

Continuing his work in writing about treating people with respect, changing economy and ideas that spread, Godin says he is now spending a lot of time "thinking about how deeply the fork in the river is getting dug into the ground." He beckons to the right and left with his hands, explaining that on one side are the connected people who go ever deeper doing the research, looking at what works, testing, measuring, figuring out what's going to pay off for our culture. And on the other side are emotion driven, knee-jerk, fear-based reactions of 'pick your own truth'. The problem he sees with 'pick your own truth' is that it leads to conspiracy theories, which leads to ever more 'pick your own truth'. "And sooner or later, you are just living in Ga Ga land where there's no real connection to the things you believe and do, and what actually works," he says.

"I think we have to figure out how to bridge these gaps early and often to help people realize that the things we take for granted, that we can be warm and out of the weather and have enough to eat and all these other things, they came from a philosophy of test and measure. A philosophy of paying it forward and building a culture. I feel ever more urgency that we need to do that now," Godin finishes.

"I got to run. Do you want some books? Or cookies?" Godin asks.

Five minutes later Godin is gone, but his legacy remains. Books and a bag of cookies. And only the cookies have a 'best by' date.



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The New Breed of Digital Marketers

BY TUOMAS LIISANANTTI

Marketing. Not something one does, but something built into product itself.

On what seemed like a normal day in 2012, **Ryan Holiday**, then the Director of Marketing at American Apparel, went on with his day like every other marketing executive for the last 75 years: buying advertisements, planning events, pitching reporters, designing creatives, approving promotions, and



throwing around terms like CPM, earned media, top of mind, and share of voice.” That was the job. That had always been the job,” Holiday explains.

According to **Andrew Chen**, now working on growth at Uber, this was about to change. The so-called ‘growth hackers’, hybrids of a marketer and a coder, were about to disrupt the marketing teams. Chen’s article, *Growth Hacker is the new VP of Marketing*, explained how the new breed of marketers was answering the traditional question of, “How do I get customers for my product?” Their answer, which was using A/B tests, landing pages, viral factor, email deliverability, and Open Graph, was a real wakeup call for Holiday.

“Companies from Dropbox to Instagram to AirBnB were basically attracting millions of users with zero traditional marketing. And my days were built around traditional marketing efforts,” he recalls.

In the absence of big budgets, startups had learned how to hack the system to build their companies. After a thorough look into growth hacking, the pattern started to become clear in Holiday’s mind. Growth hacking had rethought marketing from the ground up, starting from

The product should be amazing.

what he calls ‘product market fit’ or PMF. In the world of cool buzzwords and acronyms, all this can easily sound like just another gimmick to throw a smokescreen over marketing. Holiday acknowledges that growth hacking can be a bit of a buzzword, but explains that he actually sees it as marketing in its purest form: “It’s as if you took traditional marketing, direct marketing, product development, business development and engineering, and combine them into one person who’s fluent in all these different fields, but all they care about is what works for this specific product and this specific moment.”

Getting to Product Market Fit

Holiday summarizes the idea behind PMF with a quote from the 18th-century essayist **Ralph Waldo Emerson**: “Build a better mousetrap, and the world will beat a path to your door.” Many have taken the metaphor literally, with the mousetrap being the most frequently invented device in U.S. history. However, Holiday’s emphasis is on understanding that the product or service has to be put under serious examination for it to become remarkable, and hence marketable. “It’s not about

the product being fine. The product should be amazing,” Holiday insists before continuing, “Using the data and the tools, we have to figure out what people actually want from this thing so it actually has all the hallmarks that are required for something to go viral.”

A prime example of tweaking a product to fit the market’s needs was seen in 2010 when **Kevin Systrom** and **Mike Krieger** decided to refine their location-based iPhone app, called ‘Burbn’, around the one feature that saw user traction – photo sharing. Soon after, they rebuilt and renamed the app and Instagram was born.

With the benefit of hindsight, it’s always easier to be a smartass about the superiority of business decisions based on a semi-scientific approach. However, collecting and believing what the data shows is easier said than done.

“It’s hard for people to question their instincts or impulses. We don’t like it because we are scared of what we might find, and that we might have to change things or do things that are uncomfortable for us,” Holiday ponders and adds that “that’s not a good reason to not question what you are doing.”

Hacking Growth

As nice as the Emerson’s quote would sound for a product development oriented person, hands on experience of getting the word out and a product to sell has shown to many entrepreneurs that the better product alone is rarely enough of a mar-

keting tactic. More often than not, capturing the world’s attention requires relentless efforts to cut through the noise. For Holiday, product development is the foundation of marketing. However, he is also quick to point out that it is only one piece of the pie.

“What a growth hacker is doing is priming the pump essentially,” he says and notes that all sorts of digital and non-digital marketing skills are required to drive traffic, build email lists, and work the media so that the result is increased demand for the product.

So, the question then arises, if marketing is becoming increasingly more digital, how technical does a marketer have to be to drive results?

“It’s not so much can you program, but can you interface and work with programmers? Can you think of how they think about the world?” Holiday clarifies.

Holiday also feels strongly about marketing being an in-house job rather than something to be outsourced. “Who cares more and is more excited about this product than you?” he asks, and explains how he thinks about marketing: “It’s not just a job. You’ve got to live and breathe this thing!”

After dropping out of college at the age of nineteen and creating a variety of attention-grabbing media stunts, while working for authors like **Robert Greene**, **Tucker Max**, and **Tim Ferriss** and, of course, the controversial clothing company American Apparel, Holiday rose to internet fame as a

You’ve got to live and breathe this thing!

Paula Qiansuu





marketing protege. Now at the age of 29, his advice for the young aspiring marketers emphasizes the importance of learning to build something from an idea to something tangible.

"If you were a young person trying to make it in the marketing field, I would say don't go work at an agency. I think you want to go where someone is making stuff. You want to work on something you can take from nothing to something because that is how you learn the whole stack."

Engaging through content

In the spirit of permission marketing, a concept made popular by the marketing author **Seth Godin**, Holiday is a big believer in building up marketing assets way before a product is being launched. He underlines the importance of mailing lists and perseverance when creating content, but is also quick to mention that "the crappiest reason" to do content marketing is that all the others are doing it.

"Content marketing is either very expensive and very unsuccessful, or it can be very cheap and very successful. If you want that latter part, you have to actually like what you are doing," he says.

Before anyone goes getting knee deep into content marketing, Holiday poses two questions for you to think about:

"What is something only I can say?" and "How can I reasonably expect this to help my business?"

When it comes to tweaking a piece of content to give it what it needs for it to go viral, he reminds that people share usually because they agree or disagree with what was said, or that it says something about their identity.

Closing the loop

Product market fit, growth hacks, and virality aside, marketing for growth hackers isn't just about leads. It's also about conversion. Which is right in line with the basic principles of customer development. In the end, the focus is on improving customer retention.

"You don't get an award for just getting a lot of traffic," Holiday emphasizes the importance of getting good outcomes in the acquisition phase to affect the bottom line.

However important the top of the funnel might be, retention trumps acquisition in the mind of growth hacker's every time. This comes back down to the product itself. If a feature inside the service drives better user adoption and causes them to stick around, it's marketing. Also, there's only so much a marketer can do to grow a broken product.

To further highlight the importance of often neglected optimization and retention aspects, Holiday cites a classic study by Bain & Company, along with **Earl Sasser** of the Harvard Business School, which showed that a 5 percent increase in customer retention leads to an increase in profits of between 25 and 95 percent.

To tackle the highly subjective issue of evaluating "improvement", Holiday introduces the concept of customized metrics. Key performance indicators that are tweaked to showcase successes in the onboarding process better than just the ones that automatically show up on anyone's Google Analytics dashboard.

"Facebook's focus was on users who added seven friends in 10 days. At Dropbox, it was dragging at least one file into your Dropbox folder—not just creating an account."

In the end, whether the current state of the product or service is bad, great, or something in between, it can always be better.

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A man with short dark hair and a serious expression is holding a white smartphone in his right hand, pointing it towards the camera. He is wearing a dark blue turtleneck sweater. The background is a plain, light-colored wall.

Gary Vaynerchuk
and VaynerMedia
are out to conquer
the digital marketing
landscape.

Ain't No Rest for Vaynerchuk

BY TUOMAS LIISANANTTI

He is outspoken. His work ethic made his brother suspect that he is a robot. And one day he is going to buy the New York Jets. His name is **Gary Vaynerchuk**.

Best known as the wine-turned-social media guy, Vaynerchuk runs a 600+ person digital marketing agency, VaynerMedia. Now in its seventh year, VaynerMedia is posting a massive \$100M in revenue, just opened its first European office in London, and has anything but modest goals in mind.

"I want to build the greatest marketing agency in the history of all time, and you can't do that by just being in the United States. Our goal is to contextualize every corner of the globe, understand the end-consumer in each of those markets, and then understand the right place to communicate whatever our clients' goals are," Vaynerchuk explains. Fasten your seatbelts.

Boy gone wild

Born in the former Soviet Union, Gary, the younger brother of the Vaynerchuk family, immigrated to Edison, New Jersey, in 1978 and soon came to epitomize grind and hustle. He didn't do well in school, where, in his words, he "sucked shit" because he "couldn't give a fuck about Saturn". Luckily, Vaynerchuk had entrepreneurial DNA, which has always worked to his advantage.

At age 14, Vaynerchuk, the kid with the foul mouth, had to abandon his cash cow, a baseball card business he had built, to work at his dad's liquor store. Exuberance is Vaynerchuk's default mode, in business as in life, but the years working in the basement of **Sasha Vaynerchuk's** wine shop, then called Shopper's Discount Liquors, weren't exactly the happiest of his life.

After making thousands of dollars a weekend selling baseball-cards, earning 2 dollars an hour bagging ice would understandably make any teen's life miserable for a moment. However, after the dark ages were over, and Vaynerchuk was allowed upstairs to serve customers, he was more enthused about getting back to the art of selling. With a little help from a 'friend' called the Internet, he eventually managed to bump up wine sales from 3 million dollars to 60 million.

Much of the increased sales came through mastering Google AdWords, a marketing tactic Vaynerchuk considers one of the greatest of all time. Especially in the early 2000s when few had discovered the power of premium positioning in search results.

Many think that I'm all shizzle.

"Amazon and eBay are grossly underestimated on how much they grew by being unbelievable Google AdWords advertisers," he says.

Clouds and dirt

Vaynerchuk's rise to prominence in the marketing world has been largely based on videos. During his time at the Wine Library, he churned out 1,000 episodes of his YouTube show *Wine Library TV*. Today, his YouTube channel is bursting with content on marketing, entrepreneurship, and all things business.

Despite the number of videos that speak to the importance of humility, a quick look at Vaynerchuk's online or stage presence can easily give the impression that he is arrogant or egotistical.

"Many think that I'm all shizzle," Vaynerchuk acknowledges.

"Well, are you?" I ask.

"I'm far more steak and substance than my personality on stage leads people to believe."

Then why all the misconceptions?

"The showmanship disguises a lot of the substance that I've created in building actual businesses, investing in actual companies, and consulting actual companies. But I accept that and recognize that is a casualty of being hyperbolized for being too aggressive on stage or in interviews, so I live with that. I don't expect people to take a lot of time to figure me out. That's not on them; that's on me."

Fully aware of the fact that his mom might have instilled an overdose of self-confidence in him, Vaynerchuk also knows that sheer will is not enough to run a hundred million dollar business, let alone provide value for customers like PepsiCo or L'Oréal.

"I can't be successful by just saying it. I have to put in the work, and I'm willing to do that. I've shown myself that if I put in the work, I have a talent for learning on the job and over a period of time becoming successful," he says.

"VaynerMedia is successful because I have been running it day in and day out. 15 hours a day working very hard and patiently over the last seven years," he adds.

I can't be successful by just saying it.

The current state of the Internet

Online advertising is looking more and more like a 'winner take all'-environment, many practitioners are expecting to see a real dogfight between Face-



Kuvaajalehto

book and Google in the upcoming years. On mobile, both behemoths combined already account for over a half of global ad revenue. While Google is still ahead in numbers, Vaynerchuk feels that in the future Facebook might have a slight advantage “because of its never DNA” combined with the fact that the current state of the internet is changing fast.

“They have been brilliant. They have been very smart in becoming the layer on top of the internet itself. I’m very bullish on the company,” he says of Facebook.

Even though online advertising spend is increasing fast, digital still accounts for less than 30% of all advertising revenues globally. When asked why it’s not at least 50%, it takes Vaynerchuk less than a microsecond to start reeling off reasons.

“Just tradition. Slow moving big companies. Legacy. Reporting. Non-entrepreneurial DNA. Being safe with your behavior because your company is built on being safe. Cliché stuff.”

Although his track record in early stage investments in companies like Twitter, Uber, and Snapchat is reason enough to trust his intuition

I think there’s enormous leverage in being more valuable in every relationship.

on behavioral developments in the internet space, Vaynerchuk himself is not betting the farm based on his ability to call a winner.

“I don’t think that I’m some sort of Nostradamus or an unbelievable predictor. I actually think I’m much more practical. I look at data. I look at the top of the charts at AppStore and watch people’s behavior. I don’t think it’s so revolutionary to think Snapchat is an important platform when it has a hundred million monthly active users,” he points out.

What can I do for you?

On top of going all in on up-and-coming attention-grabbing channels, one of the biggest reasons Vaynerchuk’s messages cut through the noise is his unparalleled verbal talent. Hitting the ‘record’ button and starting a rant on a random topic comes naturally for Vaynerchuk. Summarizing complex topics in sharp one-liners happens almost on the fly. His most enthusiastic fans, whom he calls ‘the Vayniacs,’ are more than eager to explain to their peers how “marketers ruin everything”, why it’s important to “day trade attention”, and how landing a “right hook” is okay only after “jabbing” first.

One of Vaynerchuk’s most cherished principles is the 51/49 -rule. Broken down it means, whatever the relationship, always give more value than you get. If the only legacy he could leave to his kids was marketing advice, 51/49 would be at the top of the list.

“51/49 is something I’ve always lived by. I think there’s enormous leverage in being more valuable in every relationship,” Vaynerchuk says.

Although the word ‘leverage’ could easily give the otherwise altruistic concept a cold and manipulative overtone, Vaynerchuk is not too worried about being misunderstood here.

After all, Wharton’s top-rated professor **Adam Grant** has already demonstrated in his bestseller book *Give and Take* that those who always aim to contribute to others, achieve extraordinary results across industries.

Then, if giving more than you take provides leverage and **Archimedes** already knew that with a lever long enough one can move the world, why aren’t more people giving it a try?

“It’s actually stunningly rare. I’m surprised by how many people have not figured that out.”

Think about it.



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Tony Hawk: “Engage Your Audience”

BY JUKKA NIEMELÄ

Fame does not mean that you have to change. Tony Hawk never grew out of skateboarding and considers devotion to be a key for success.

Tony Hawk became a professional skater at the age of 14. For 30 years he has been on board, promoting the sport both nationally and globally. Today, Hawk's billion-dollar console and computer games franchise, videos and movies reach people in every corner of the globe while the poorer areas enjoy skate parks built by the Tony Hawk foundation. Hawk, who many considered a hyperactive kid himself, says he was just energetic and not a talented skateboarder in the beginning. He had to approach the sport differently than the others and create his own way to figure it out. Today, Hawk is still arguably the best known skateboarder of all time. “I still walk the walk. I skate almost every day. It's not like I grew out of it ever,” Hawk explains how he has stayed relevant for such a long time.

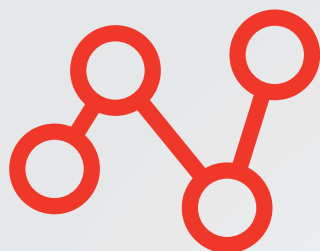
Having the enthusiasm and determination to always get better was Hawk's way of life. His parents were not raising a professional athlete, but happy that he had something to put all his energy into. Hawk says moving into the entertainment business was his own idea. He had gone as far as he could with skateboarding and had had enough of competing. It was time to explore new opportunities to present and promote skateboarding.

Contrary to a common belief, Hawk doesn't consider his personal brand as the biggest asset of his business accomplishments. “I don't think that was the catalyst for success,” he says. In fact, the right type of branding required learning from his earlier mistakes such as being too loose with how his name was used; “Suddenly I would see my name

on products in stores that I had no knowledge of,” says Hawk and continues that, “I am glad I went through it at a time when there was no YouTube, Instagram and Twitter. It was at a time when those mistakes were not so amplified.” After learning how to control his brand, Hawk became an avid user of social media and started to understand how to navigate the new media and it's new ways of communicating.

“Marketing is a way to connect to your audience. It's a way to promote and to engage fans,” Hawk concludes. Although being authentic is important, marketers need more. Hawk urges marketers to be interesting and offer something desirable.

There's a fine line between keeping it authentic and marketing aggressively, but for Hawk the fear of becoming a sellout is not something that should hinder the branding efforts. After all, what he has realized is that the only time people call you a sellout is when the stuff finally sells.



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MR. Creativity

BY ANNIINA TURUNEN

From the world of Walt Disney, through a galaxy far far away, to beloved stories of toys, bugs and furry monsters, Edwin Catmull has blazed a trail as a computer scientist turned business leader who has sustained the creative talent and innovative legacy of Pixar Animations Studios for 30 years.

When you call Pixar Animations Studios, you are greeted with theatrical background music. The melody is the soundtrack of *The Good Dinosaur*, which was released in late 2015. You can almost imagine this song playing in the background while Catmull walks past the man-sized, Lego reproduction of *Toy Story* action hero Buzz Lightyear at the headquarters of Pixar.

Suddenly a friendly, warm voice interrupts the music. Edwin “Ed” Catmull is on the other end of the line. The co-founder of Pixar Animation Studios and President of Pixar and Walt Disney Animation Studios, who leads hundreds of troops to help break the barriers of human creativity. A man whose failure with traditional animation led him to discover a new way in which to revolutionize the world of animation. A man who could rightfully be called Mr. Creativity.

Story behind the story

Pixar celebrates its 30th anniversary in 2016. During the past 30 years, the film studio has released 17 feature films and grossed over \$9.7 billion worldwide in revenue to date. However, the spark that ignited the Pixar flame dates back even further to Catmull’s childhood. Back in the 1950s, the young Catmull was totally fascinated by Walt Disney and his television appearances, in which he revealed how Disney stories actually came to life.

“It was not only about storytelling but he also talked about the process and the technology. So I grew up having them both joined together in my mind,” he describes.

Come to think of it, Catmull seems to be following in the footsteps of his childhood idol by revealing the wizardry of his craft in his book *Creativity, Inc.: Overcoming the Unseen Forces*



If you make it
safe for people
to talk, then
they all become
more creative.

That Stand in the Way of True Inspiration. Only for Catmull the focus is not so much on the actual process of filmmaking, rather he taps deeply into the details of inspiring a creative culture and leading people.

It was also Walt Disney who inspired young Catmull to dream of becoming an animator. However, when Catmull graduated from high school, he discovered there was no clear path for him to animation. Instead, he decided to pursue a career in physics and computing.

"I initially switched to physics because I wanted to be at the frontier. At this time computer science was brand new, and while I graduated with my undergraduate degree in physics, I realized that with computer science I was already at the frontier." That was back in the 1970s.

Little did he know that physics would put him on the path to where he always wanted to be, creating inspiring stories. During his studies, Catmull joined other computer graphics pioneers and found a way to combine his love for both technology and animation. Soon he set himself the goal of making the first computer-animated feature film, which he tirelessly worked to accomplish for 20 years.

While he figured out how to turn computer graphics into life-like 3D, Catmull moved into the field of motion picture production and in 1979, he joined George Lucas at Lucasfilm, where he became Vice President at the seminal Industrial Light & Magic computer graphics division.

Catmull's years of helping breathe life into Lucas' vision of Star Wars with Jedi knights and droids came to an end in 1986 when Lucasfilm decided to sell the computer graphics division. Lucasfilm didn't share Catmull's passion for computer-animated films and the animation wizard knew he needed a partner who would support his dream. In the end, it was none other than Steve Jobs who bought the division and paved the way for Pixar Animations Studios to work its big-screen magic.

Finally in 1995, after several successful computer-animated short films *Toy Story*, the studio's first feature film, was released in theaters. It became the highest grossing film of 1995, making \$192 million domestically and \$362 million worldwide. Since *Toy Story* Pixar has produced one blockbuster after the other and was eventually snapped up by the Disney mass media con-

glomerate in 2006. Seems like all Catmull's boyhood dreams came true after all.

Want creativity?

Make it safe for people to talk

There would be no Pixar without the technology Catmull and his crew developed and built so tenaciously for decades. However, as much as Catmull values their computer animation breakthroughs, there is one other element in which he takes as much pride and that is Pixar's creative culture.

"The first agenda was to figure out how to make a movie using a story and technology, but the second agenda was how people work together and what it is that makes a group successful," he explains.

As time went by, this secondary mission assumed greater importance and he realized that he had stepped away from technical work. Instead, he started spending his time figuring out how to remove fear from an organization and ultimately how to make it safe for people to talk. For Catmull, safety is essential for creativity. "If you make it safe for people to talk, then they all become more creative."

Catmull believes that everyone has inherent creativity, which he defines as problem solving and expression. Yet what often prohibits us from expressing ourselves or tackling the problems we face is a matter of our own internal barriers and blocks. "That if somebody is not saying something when they are working on a problem is because they've got fears and worries."

A good leader doesn't try to make people creative. What a leader ultimately needs to know "is how do you remove people's internal barriers and allow them to grow and to flower," Catmull ponders. In order to do that a leader needs to know what those barriers are.

One good example of how to remove barriers to participation is Catmull's idea of changing the shape of Pixar's meeting room tables. You see, Catmull noticed that sitting around a long elliptical table created a certain hierarchical structure in the meetings. However when management sat in the middle, the conversation hovered around the table's midsection, leaving out the people sitting at the ends.

Catmull wanted everybody to participate in the conversation so, he decided to switch to

**A leader
has to be
honest and
vulnerable.**



Deborah Coleman

round tables. This small practical solution completely transformed the atmosphere at meetings simply because people now felt more equal. Many times it is the smallest things that matter, things that we are not always even aware of.

In order to motivate people to be more engaged with their work, Catmull believes they need to have the power to change things. As such, he initiated the idea of Notes Day, where the entire Pixar company gets together to figure how to operate more efficiently. During the first the Notes Day, an array of different issues were discovered as Catmull puts it, “all it did was reveal the tip of the iceberg.” However, a day which seemed difficult at first led to a greater appreciation for the need to understand the underlying issues at hand. The result of which is now a company that identifies faster and more efficiently how to improve its processes.

I believe that everybody is inherently creative.

Look for potential

No one in an organization is immune to their own internal fears, not even leaders. In the same way that employees may have fears that prevent them from being more creative, leaders may also struggle with fears that might ultimately restrict organizational creativity. Catmull’s message to leaders who are hesitant about giving their staff the freedom to join innovation and creative processes is clear.

“A leader has to be honest and vulnerable. Lot of leaders believe that to be a good leader you have to have the confidence to be right. And what that does, is that it gets in the way if you’re not right. So one needs to be vulnerable and to listen because you can’t always be right.”

For Catmull, self-awareness is therefore an important asset for leaders building and leading a creative culture. A leader should be aware of what is going on and also understand that there are things going on that no one can see.

“We only see things from our own personal filters and it’s important that we step back and realize that our ability to see things is limited,” he concludes.

One of the elements required to foster a creative culture is to recruit creative people. So what is Catmull’s secret for hiring creative talent?

“For me the thing that I’m looking for is potential. It’s not necessarily can they do the job, it’s do they have the potential to grow in the job,” Catmull explains. He admits that this is a little more risky approach and you won’t always get it right, but he believes that if you look for potential rather than their particular ability of the time, in a long run it pays off.

For Pixar and for Catmull himself, a primary goal has always been to keep the company’s creative culture alive. However, it’s not always so easy to sustain a creative culture and pursue growth at the same time. This is a problem many startups face today. Catmull says startups should be paying attention to the “creeping conservatism that enters the culture without it being challenged.”

So it’s not the startup, it’s what happens after the startup has become successful. For Catmull the leader’s role is essential. “I always saw that my job and the job of leadership is to continue to look for the conservative elements which are inhibiting people and getting in the way of a culture.”

Virtual reality is not storytelling

Although Catmull is a creative force at the vanguard of animated filmmaking even he has some reservations. They involve using virtual reality for storytelling. Is this creeping conservatism raising its head, or is it something else?

“I think VR is a very important technology, there are areas where it will be used and it will have an effect on the way we make our movies,” Catmull explains. In fact, his reservation is not so much about the technology itself, but the misconceptions it may create in viewers. For him VR is not the same as storytelling, they are two different things.

He cautions that one shouldn’t confuse a technology with storytelling. In particular, VR is not like filmmaking. Stories told by film do not take place in real time. The challenge of matching the elaborate hand crafting of a story in film has yet to be solved.

**One
needs to be
vulnerable
and to listen
because you
can’t always
be right.**

However, Catmull regards VR as a technology that supports the movie industry. “Virtual reality does represent significant opportunities which will result in a lot of investment on our part. We’ve been doing a lot of research on it and I think it has major impact on our tools and the way we think about things.”

Built to last

Creativity and risk usually go hand in hand - one might even ask if one could exist without the other. Failure is also often a close companion of both. For Catmull, the simplest way to manage risk and failure is to have the right response if things don’t work out. One of his insights is that “It is not the manager’s job to prevent risks. It is the manager’s job to make it safe to take them.”

He believes that leaders shouldn’t respond negatively to mistakes. The response should be, ‘okay it didn’t work out, we all learnt from it, where do we go from here.’ It’s your job to make it safe for people to take the risk. If they feel safe then they will respond and it is that response to the risk that helps the organization to move along quickly.”

Catmull’s sympathetic approach to his Pixar team is also reflected in Pixar films and their characters. There is no doubt that the approachability of the characters and storylines is an important ingredient in their success.

Although Catmull comes across as very humble and down-to-earth, there seems to be another side to him, and that is his burning drive to do something remarkable and be the first to do it. First, that ambition involved pushing the boundaries of computer science; later, it meant winning the race to make the first full-length computer-animated movie. The same kind of attitude also echoes his thoughts about Pixar’s future.

“The exciting part and the challenge has been to keep a culture that sustains itself and will keep on doing something that is new and original.”

Now, 20 years after the release of Toy Story, an Academy Award-winning animator Catmull seems thankful for this journey. “It’s been immensely gratifying and the challenge has been to keep it going.”

Pixar is clearly not quitting any time soon and the success of Toy Story and its sequels prove that the Pixar’s magic has not diminished.



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THINKERS 20

– the Brightest Business Minds in Northern Europe



BY HANS-PETER SIEFEN & DENISE WALL

The global and European business landscapes have changed since Nordic Business Report last evaluated the Nordic's top thinkers in 2013. In spite of overall sluggish growth in advanced economies, pioneering business advocates in innovative sectors such as digital have bucked the trend to register corporate success and shape the contemporary world. This year we reboot the Thinkers 20 and cast the net beyond the Nordics to encompass the Baltic states Estonia, Latvia, Lithuania and Russia.

Criteria and Results

The essential criteria for evaluating possible candidates included impact on industry and society, originality and practicality of their ideas, results achieved, social and environmental responsibility and international outlook. Future potential was an additional consideration for the ranking.

National juries submitted lists of candidates, following which work began on evaluating nominees from all nine countries.

Thinkers 20 2016 reflects the juries' perception that this year, entrepreneurs and business leaders made outstanding contributions by translating ideas into action and shaping their communities. Just three names from the 2013 list appear on the 2016 edition: **Daniel Ek** (#1 in 2013), **Ilkka Paananen** (#7 in 2013) and **Björn Kjos** (#12 in 2013). Many of the top thinkers from 2013 were edged out to become runners-up this year, including shining stars such as **Niklas Zennström**, founder of Skype, Kazaa and Atomico, who came in at #2 in 2013. The fact that many of the 2013 Thinkers 20 dropped off the 2016 ranking is a testimony to the changing landscape and the rise of new influencers in Northern Europe – and that's pretty good news for the region.

The Jury

DENMARK:

LinKS

Mette Laursen, CEO

The Confederation of Danish Enterprise

Terkel Riis-Jørgensen, Politisk konsulent

DARE2, thinkubator & DARE2mansion

Analisa Winther, Program Director

ESTONIA:

Estonian Business Angels Network

Heidi Kakko, Managing Director

Estonian Investment Agency

Märt Helmja, Area Manager

FINLAND:

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Sirpa Juutinen, Partner

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Susanna Rantanen, Chairman

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Haraldur Ingi Birgisson, Director of Clients & Markets

Íslandsstofa

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Juris Kabakovs, CEO, Board Member

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Rūta Skyrienė, Executive Director

NORWAY:

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Camilla Jacobsson, Project Manager

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Robert Johansson, National Recruitment Manager

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Kristin Grøntoft, Social Media Manager

RUSSIA:

Vedomosti

Anna Sherbakova, Chief editor

St. Petersburg Convention Bureau

Anna Chetvergova, General Director

SWEDEN:

Dagens industri, Dagens Nyheter, Expressen

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Illustrations by Matias Teittinen

1

Petter Stordalen

AGE 53 🌐 Norway 🏨 Hotel & real estate magnate, environmentalist 🏠 Home Invest

Petter Stordalen epitomizes the modern generation of the world's most accomplished entrepreneurs who think big, and for whom social responsibility and business success are inextricably linked. The CEO and owner of investment holding company Home Invest and chair of Scandinavia's largest hotel chain, Nordic Choice Hotels, 53 year-old Stordalen commands an empire of 170 premium hotels employing nearly 10,000 people in five countries. In 2012, influential business magazine Forbes estimated his net worth at USD 1.2 billion, generated from investments in hotels, shopping centers and other properties. Stordalen got off to an early start building his business credentials – at the tender age of 10, he worked at his father's grocery store in the Norwegian port town of Porsgrunn and two years later at the age of 12 went on to claim the title of the region's top strawberry seller. Stordalen moved into property management in his early 20s before going on to co-found Steen & Strom Invest, one of Norway's largest commercial real estate firms. On the cusp of his mid-30s, the serial entrepreneur entered the hotel business by acquiring and developing the Scandinavian operations of Choice Hotels. In

2000 he set up Home Invest as the parent company for his many hotel, real estate and investment endeavors. A dedicated environmentalist, Stordalen and his model-turned-physician wife Gunhild Stordalen support a number of philanthropic causes through the Stordalen Foundation, which focuses on environmental and social responsibility. The organization has funded technology development, renewable energy, environmental protection and consumer behavior modification projects. In 2002 the colorful entrepreneur made headlines by chaining himself to a bridge at a UK nuclear reprocessing plant to protest the inadequate disposal of hazardous waste. In 2007, he once more engaged in personal activism when he was charged with trespassing on Malmøyakalven island in Norway to protest the dumping of toxic mud in the Oslofjord, an inlet in the country's southeast. Stordalen has received many business accolades, including Scandinavian Businessman of the Year 2004, the Ernst & Young Entrepreneur of the Year Award 2010, the Grant Travel Awards for Best Scandinavian Hotel chain in 2007 and 2008, and the Best Place to Work Award from 2008–2011. An avid sports buff, Stordalen has been a leading sports figure in Norway and is a former Ironman triathlete.



2

Sebastian Siemiatkowski

AGE 35 🌐 Sweden 🏢 Co-founder & CEO
 🏢 Klarna

The back story behind Sebastian Siemiatkowski's rise to become the CEO of Swedish e-commerce giant Klarna, is a narrative involving energetic young entrepreneurs, the inevitable setbacks involved in starting and expanding a business and sheer persistence and belief in an idea whose time had come.

Siemiatkowski's story is also a classic tech sector rags-to-riches saga that has seen him go from flipping burgers at a local Burger King fast food outlet to sitting atop one of the world's most innovative tech companies. The idea for an online payments tech facilitator failed to gain traction initially, but Siemiatkowski and his co-founders went on to establish Klarna in 2005, surrendering a sizeable chunk of the business in exchange for a modest initial stake of 60,000 euros to get it off the ground. The company's business proposition satisfied a yawning gap in the online transactions market, and saw it reach profitability in 2006, just one year after establishment. Today, payments enabler Klarna facilitates in excess of USD 11 billion in online sales (2014), employs 1,400 and commands 10% of the e-commerce market in Northern Europe. It accounts for 40% of all e-commerce sales in its native Sweden. The company serves 45 million customers and 65,000 merchants in 18 markets across northern, central and eastern Europe as well as the US and UK. In June 2016, business news network CNBC ranked it among the top 10 global disruptor companies with a market valuation in excess of USD 2 billion.



3

Lars Rebien Sørensen

AGE 61 🌐 Denmark 🏢 President & CEO
 🏢 Novo Nordisk

Lars Rebien Sørensen's unconventional thoughts on Novo Nordisk's wildly profitable business strategy of focusing narrowly on the company's strengths reveal why he has been named among NBR's Top 20 Thinkers. Sørensen joined Novo Nordisk's Enzymes Marketing in 1982 and became

President and CEO in 2000, in the process assuming control of a multinational pharma giant that employs 41,600 people in 75 countries and sells in more than 180 territories. In 2015 Novo Nordisk saw its profits rise 32% from the previous year to NOK 34.9 billion (USD 4.2 billion). The company measures its success on the basis of what it calls a triple bottom principle, which emphasizes financial, social and environmental responsibility. In 2015, the prestigious periodical Harvard Business Review named Sørensen the year's top-performing CEO. In an interview with the publication, Sørensen was not afraid to attribute some of the company's success to pure luck. He also eschewed the holy grail of diversification in favor of a narrow focus on a single area of competence. Over the years, Sørensen has developed strong operational competencies and extensive knowledge in innovation, marketing and HR. He has served on the board of several other companies in various industries and became adjunct professor at the Faculty of Life Sciences of the University of Copenhagen in 2007. In 2005 he received the French Chevalier de l'Ordre National de la Légion d'Honneur.



4

Risto Siilasmaa

AGE 50 🌐 Finland 🏢 Founder & Chairman
F-Secure Corporation

A titan on the Finnish corporate scene, Risto Siilasmaa has played a central role in shaping the success of two of the country's major tech companies. He is founder and chairman of cyber security firm F-Secure and former CEO and Chairman of Nokia. In 1988 Siilasmaa and co-founder Petri Allas set up

the IT training and database company Data Fellows. The firm launched its first anti-virus product in 1994 and became F-Secure in 1999. Since then, it has expanded to become a global cyber security company, with offices in 20 countries and a presence in more than 100 locations worldwide. In 2016, research firm Gartner listed F-Secure as a visionary company in its Magic Quadrant for Endpoint Protection Platforms. Siilasmaa is the company's largest shareholder, with a stake of just under 38% in the business. He has served on the board of networks company Nokia since 2008 and became chairman in 2012. He was interim CEO from 2013 – 2014 during a stormy transition period which saw the company shed its mobile phone division to focus exclusively on the networks business. Under Siilasmaa's steady hand, Nokia has seen its market value rise to just over USD 30 billion in 2016, up from roughly USD 20 billion in 2012. Siilasmaa plays an active personal role in developing the Finnish technology sector: as a business angel he has invested in a number of tech startups and has served on their boards, claiming an interest in "soft values" rather than financial returns.



5

Daniel Ek

AGE 33 🌐 Sweden 🏢 Co-founder & CEO
Spotify

Spotify co-founder and CEO Daniel Ek was bitten by the entrepreneurial bug early on. The serial techpreneur set up his first company in 1997 when he was just 14. Since that time, he has been involved in a number of other ventures, including online advertising company Advertigo, and the Nordic auction company Tradera, which were later ac-

quired by TradeDoubler and Ebay respectively. He was also previously chief executive of µTorrent, a popular peer-to-peer file sharing service and CTO of Stardoll, a fashion and entertainment company for tweens. In 2006, Ek partnered with TradeDoubler co-founder Martin Lorentzon to establish the music streaming service Spotify. The duo launched the business in 2008 and by June 2015 had more than 75 million active users and had accumulated some 30 million subscribers by March 2016. Headquartered in London, UK, the firm operates in 19 locations and employs 1,600. Spotify has succeeded in harnessing contemporary technology and payment models to challenge traditional notions of serving music lovers and helping performing artists monetize their output. As of June 2015, it had paid out some USD three billion to rights holders. In June 2015, the company raised a hefty USD 526 million in equity financing and another USD one billion on debt in early 2016. In June 2015 it was valued at USD 8.5 billion. A keen aficionado of football and the guitar, Ek devotes much of his time to maintaining a nurturing and inspiring working environment for Spotify employees.

6

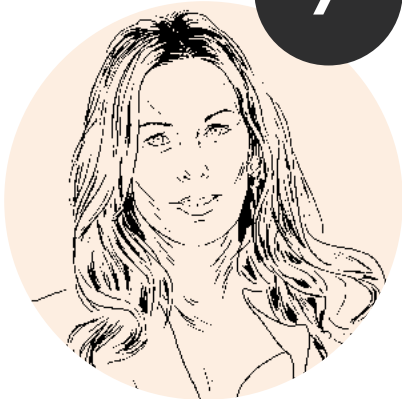
**Ilkka Paananen**

AGE 38 🌐 Finland 🏢 Co-founder & CEO 🏢 Supercell

Few Finnish entrepreneurs have demonstrated the power of thinking big and broad like Ilkka Paananen, co-founder and CEO of supernova gamemaker Supercell. Established in 2010, Supercell is one of the country's premier money-spinners and a model of corporate responsibility. Two 2012 releases, *Hay Day* and the perennial favorite *Clash of Clans* generated staggering revenues of USD 2.5 million a day in 2013. In 2015 Supercell posted rev-

enues of USD 2.3 billion, which it converted into USD 924 million in profits. Not surprisingly, Supercell has been an investment magnet. In 2013, the Japanese company Softbank paid USD 2.1 billion for 51% of the game firm, upping ownership to 73% the following year. In 2016, the Chinese internet giant Tencent Holdings picked up 84% of the company for USD 8.6 billion, making Supercell Europe's first decacorn, or startup valued at over USD 10 billion. Paananen is also co-founder and chair of the Me. Foundation, which funds programs for marginalized youth.

7

**Anita Krohn Traaseth**

AGE 44 🌐 Norway 🏢 Author & CEO 🏢 Innovation Norway

Anita Krohn Traaseth's impeccable business pedigree includes roles as Managing Director of Hewlett-Packard's Norwegian country operations, CEO of commercializing strategy firm Simula Innovation and strategy director of the international certification company DNV GL. In 2014 she was appointed CEO of the government's innovation and development accelerator, Innovation Norway. An accomplished communicator, Krohn Traaseth published her first book in 2014,

Good Enough for the Bastards (Godt nok for de svina), which went on to become a local bestseller. She was voted one of Norway's top young business talents in 2003 and ranked among the country's top 40 leader potentials in 2009. In 2012 she received the award for best female ICT industry leader and was voted 2013's Social Media Personality of the Year by the media, marketing and communications website Kampanje. Krohn Traaseth enjoys a high profile on the Norwegian business scene and holds many board memberships.

8

**Ilja Laurs**

AGE 40 🌐 Lithuania 🏢 Entrepreneur & Investor 🏢 Nextury Ventures

A consummate serial entrepreneur, Ilja Laurs has established more than 10 successful business projects since 1999, including Lithuania's largest hotel reservation system lithuanian-hotels.com, mobile payment system MicroPay, mobile game studio Midas Games and 3D professional photography portal geogance.com. In 2002 Laurs set up GetJar, one of the world's largest independent app stores, which he later sold to the Chinese compa-

ny Sungai Mobile for USD 50 million, and where he remains chairman of the board. In 2014 he founded Nextury Ventures, a venture capital fund that bankrolls early stage startups as well as fast growth and potentially high-value ideas. In 2011 Laurs was named European Manager of the Year by the European Business Press Association, was nominated one of The Wall Street Journal's 25 European Tech Leaders, and was also dubbed Technology Pioneer 2011 by the World Economic Forum.

9



Bjørn Kjos

AGE 70 🌐 Norway 🏢 Founder & CEO
🚂 Norwegian Airlines

It would not be an exaggeration to credit Norwegian aviator, lawyer and business magnate Bjørn Kjos with upending the game for consumer air travel in the Nordics. Kjos is the CEO and founder of Norwegian Air Shuttle, the second-largest airline in Scandinavia, and the third-largest budget airline in Europe. In 1993 Kjos collaborated with former employees to purchase the bankrupt airline Busy Bee, which they later refloated as Norwegian Air Shuttle. Kjos chaired the company from

1993 to 1996 and took over as CEO in 2002 and has since developed the airline to become one of the leading commercial air carriers in the region. Norwegian reported revenues of USD 2.7 billion in 2015, when it transported nearly 26 million passengers and employed just over 4,500 people. Kjos is the airline's largest shareholder with a 20% stake in the parent company and his net worth has been estimated at USD 304 million. He has received a number of awards for his business acumen, and the airline has been consistently ranked among the top carriers in northern Europe as well as worldwide.

10



German Gref

AGE 52 🌐 Russia 🏢 President & Chairman
🚂 Sberbank Russia

Statesman and top-tier executive, since 2007 German Gref has successfully implemented a series of reforms at Russian state-owned savings bank Sberbank, resulting in improved efficiency and a turnaround in corporate culture. Prior to his appointment to Sberbank, Gref served for seven years as Minister for Trade and Economic Development of the Russian Federation. Together with the Minister for Finance Aleksey Kudrin, Gref created the Stabilization

Fund, whose primary goal was to facilitate repayment of Russia's foreign debt. By the time Gref left the Ministry, the Fund had grown to over USD 130 billion. With Gref at the helm, Sberbank launched a range of digital services, which have seen some 30 million active users of online banking services, 11 million active users of mobile banking apps and 27 million active users of its mobile bank text message service. In 2015 Sberbank earned USD 3.5 billion on roughly USD 15 billion in revenue and now employs over 330,000 employees in 22 countries.

11



Johan Forssell

AGE 45 🌐 Sweden 🏢 CEO
🚂 Investor

In 2015 Johan Forssell took over as President and CEO of Investor AB after overseeing the firm's core investments, such as engineering firm Atlas Copco and financial services institution SEB, since 2006. Originally established in 1916 by the Wallenberg family of industrialists, Investor has holdings in high-quality, international companies across a range of industries, including Ericsson, Electrolux, Wärtsilä, ABB, Nasdaq, Saab and As-

traZenica as well as small companies with interesting technology. In 2015, the firm recorded profits of over USD two billion and the value of net assets stood at around USD 32 billion. Forssell joined the company in 1995 and prior to his appointment as President and CEO, he held positions such as head of research, head of capital goods and healthcare sector, analyst at Investor AB Core Holding and project director at Aleris. Forssell also holds board positions in Atlas Copco, Saab and Investor subsidiary Patricia Industries.

12

**Taavi Kotka**

AGE 37 🌐 Estonia 🏢 Creator & CIO
 🇪🇺 Estonian e-Residency Program

Taavi Kotka is a co-founder of the e-residency concept that has placed tiny Estonia at the epicenter of the global tech community. In 2014, Kotka teamed up with Ruth Annus and Siim Sikkut to propose the goal of 10 million e-residents by 2025 as part of a competition by the Estonian Development Foundation. The rest, as they say, is history and the project took off with the prize money awarded by the Foundation. Just one year into implementation, the ambitious project is already

on track to reach 5,000 e-residents, with 7,600 applications pending. Now known as Estonian CIO, Kotka cut his teeth in technology as owner and chief development officer at enterprise software company Webmedia, later Nortal, where he became CEO in 2005 and chairman in 2006 before leaving in 2012 to become Deputy Secretary General at the Economic Affairs and Communications Ministry. In 2011 Kotka was named Ernst & Young's Entrepreneur of the Year. He was also voted European CIO of the Year in 2014 and in 2016 he received Estonia's White Star III Class Order.

13

**Mikko Wirén**

AGE 44 🌐 Finland 🏢 Founder & Chairman
 🇪🇺 Pihlajalinna

Credited with being the man behind a 15-year period of rapid growth by the private health services provider Pihlajalinna, Mikko Wirén has become an influential voice in the Finnish health care sector. In 2015, Wirén saw the company post revenues of some EUR 213 million – up 43% over 2014 – and guided it through a stock exchange listing. The firm is now on track to record even higher turnover in 2016, estimated at over EUR 400 million. Since

its beginnings as a health worker temp agency in 2001, Pihlajalinna expanded into providing specialist health services and outsourcing services in 2005. Since then, under Wirén's lead as CEO, it has grown to become one of Finland's leading social and health services providers with medical centers, occupational health centers, dental care facilities, reception centers and elder care services and a workforce of 4,000. In 2013 Wirén was voted Influencer of the Year by the Finnish Health Care sector.

14

**Linda Liukas**

AGE 30 🌐 Finland 🏢 Programmer & Founder
 🇪🇺 Rails Girls

While other influencers make their mark by thinking big, Linda Liukas carved out her own space as an opinion leader by thinking small. Specifically, by targeting children, particularly girls. The 30 year-old Finnish software programmer and coding ambassador asserted herself on the world map by raising the most money for a children's book on the crowdfunding platform Kickstarter – some USD 380,000. The book, *Hello Ruby: Adventures in Cod-*

ing, provides youngsters with a basic introduction to coding and programming using colorful illustrations and engaging activities. Liukas also established Rails Girls, a website designed to help women learn programming fundamentals. The site became a success and spawned live workshops, with Liukas hosting seminars for upwards of 10,000 women in over 200 cities worldwide. In 2013 the European Commission appointed Liukas Finland's Digital Champion. In 2014 she was awarded a Finnish State Prize for Children's Culture.

15



Pavel Durov

AGE 32 🌐 Russia 🏢 Digital entrepreneur & Founder 📱 Telegram

Best known for launching hugely popular Russian social networking site VKontakte in 2006, Pavel Durov is one of Northern Europe's undisputed young Turks of entrepreneurship. Durov developed VK as it became known, to be the largest European-based network with some 360 million accounts. Available in 76 languages, VK is very popular with Russians and is the most-visited site in the country. After selling off his 12%

stake in the company in 2013, the so-called Mark Zuckerberg of Russia wasted no time getting to work on his next social media project. Launched in mid-2013, the encrypted messaging app Telegram went on to accumulate upwards of 100 million active monthly users by early 2016. The company said that the service was signing up 350,000 new users every day and delivering 15 billion messages daily. Earlier in 2016, Durov dismissed conjecture that Google had pitched a USD one billion offer for the rapidly-growing messaging app.

16



Uldis Pilēns

AGE 59 🌐 Latvia 🏢 Chairman
🏢 UPB Holdings

Uldis Pilēns is a prominent architect and entrepreneur who, as founder and chairman of UPB Holdings, grew the company from a small architectural bureau into a major diversified pan-European industrial group in 25 years. During his tenure, Pilēns has expanded the company into business areas such as engineering, production, construction and sales. The group now includes subsidiaries in Sweden, Norway, Denmark, Iceland, Germany, Switzerland and the Unit-

ed Kingdom and employs more than 1,300 employees across 40 enterprises and production units. UPB Holding has been recognized with the Ruban d'Honneur award (in 2015 and 2011) in the European Business Awards. The firm also received the Champion of Exports prize in the annual Latvia's Export and Innovation Awards in 2013. In 2015 the Latvian Employers' Confederation named Pilēns Entrepreneur of the Year for his contribution to the development of the local business environment.

17



Gunn Wærstad

AGE 61 🌐 Norway 🏢 Chairman
📱 Telenor

A business heavyweight in her native Norway, Gunn Wærstad was appointed chair of Telenor in early 2016. One of the leading mobile operators in the world, Telenor Group has 208 million mobile subscriptions and operations in 13 markets. Revenues in 2015 topped USD 15 billion. Prior to Telenor, Wærstad served as Executive Vice President and Group Executive Management team member with Nordea Bank and was the institution's Country Senior

Executive up to 2016. She has held a number of other senior executive positions in the banking and insurance sectors, including holding the role of CEO of SpareBank 1 Gruppen and the SpareBank 1 Alliansen, Group Executive Vice President of the country's largest financial services group DNB and CEO of Vital Forsikring, the largest Norwegian life and pension insurance company. Wærsted is also Chair of the Board of Petoro, the state-owned portfolio owner of petroleum and natural gas exploration and production licenses.

18

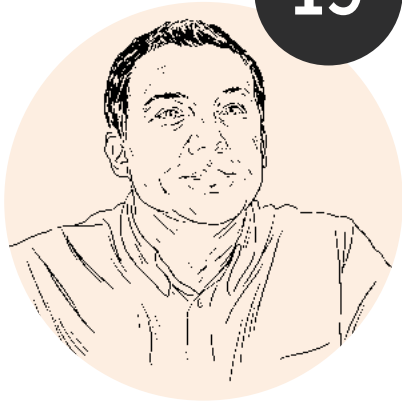
**Vilborg Einarsdottir**

🌐 **Iceland** 🏢 **Founder**
 📱 **InfoMentor**

Armed with a background in education, management and strategy, Vilborg Einarsdottir co-founded e-learning company InfoMentor in 1990. Since that time she has successfully transformed the firm into a leading provider of on-line and mobile educational solutions. InfoMentor is used in more than 1,000 schools across the UK, Sweden, Iceland, Switzerland and Germany and some 80,000 users log into its systems daily. In 2011 the company received the Ice-

landic Innovation Award from the Innovation Center of Iceland and in 2013 it was named one of EdTech's top three most innovative e-learning companies in Europe. Einarsdottir is a sought-after university lecturer in Iceland and is also a popular speaker on the educational circuit. In 2012 the Icelandic President conferred on her the Order of the Falcon and she was named Business Woman of the Year 2010 by the Icelandic Association of Women Entrepreneurs. In 2009, Swedish Crown Princess Victoria awarded her the title of Female Entrepreneurship Ambassador.

19

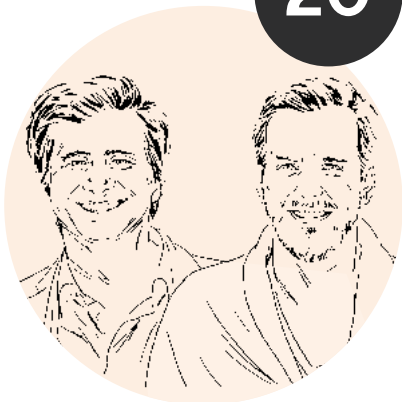
**Sten Tamkivi**

AGE **38** 🌐 **Estonia** 🏢 **Founder & CEO**
 📱 **Teleport**

An alumnus of the founding team that introduced the game-changing service Skype, Sten Tamkivi has been a tech entrepreneur since 1996. After trying his hand at a few entrepreneurial ventures, he joined Skype as an early executive, ran the original R&D office, and held several global product leadership roles for over eight years. In 2014, Tamkivi turned his hand to entrepreneurship once more, this time co-founding Teleport, a service that supports an increasingly nomadic global tech work-

force by helping match talent with startup-friendly cities worldwide. Teleport has so far received USD 2.5 million in first round investment from nine investors, including Skype cofounder Jaan Tallinn. A former adviser to Estonian President Toomas Hendrik Ilves, Tamkivi has won a number of national awards. In October 2015, Teleport's remote meeting financial planner Teleport Flock emerged one of the winners of the World Summit Awards in the Culture & Tourism category. In June this year, the startup took home the Global Champion title at the WSA Innovation Congress in Singapore.

20

**Kristo Käärman & Taavet Hinrikus**

AGE **35 & 34** 🌐 **Estonia** 🏢 **Founders**
 📱 **TransferWise**

Taavet Hinrikus and Kristo Käärman believe that money is meant to flow freely – a radical notion in a world where large financial institutions control currency flows and rates. The disruptive duo teamed up to co-found TransferWise in 2011 – turning a centuries-old industry on its head in the process. The company provides international cash transfers at current exchange rates with no hidden costs. The

service is available in 59 countries and more than 500 currencies, and moves nearly USD 600 million monthly, saving more than USD 28 million in hidden fees. With Hinrikus' Skype pedigree as the Estonian firm's first employee, TransferWise has attracted many investors – as of January 2015, it had collected USD 91 million in financing and its market valuation is estimated at USD 1.1 billion. In 2015, business news network CNBC ranked the Estonian unicorn at number 8 on its 2015 Disruptor 50 ranking.



SaaS Isn't New Anymore, And It's Here to Stay

BY DEVIN KATE POPE

Software as a Service applications and businesses are popping up in record fashion. Most of us use at least a few SaaS apps, but it's not just personal – companies are embracing SaaS because it lets them spend time on other things. Today instead of peering in at SaaS companies from the outside, it's time to dive deeper. **Yvonne Wassenaar**, CIO at New Relic, and **Des Traynor**, Co-Founder of Intercom, know SaaS like it's their hometown. They will pinpoint the advantages and disadvan-

tages of using and running SaaS applications. One thing that's for certain: SaaS isn't going anywhere.

Finding a better way

New Relic helps software developers, IT operations, and the executives within companies. New Relic is “specifically looking to be the best first place to go to understand what your software is doing for your business,” Wassenaar says. “New Relic helps you understand the performance of your software. It helps you understand how it's running

and what your customers are doing with it.”

Wassenaar gives the example of how most people don't go to the bank to do their banking anymore; they use the mobile app. So now the most important things are if the app reacted quickly and was easy to navigate, not if the teller line is long.

“Those are the things that your software can now tell you and those are the people we serve,” Wassenaar says. “The people who are building those applications, the ones who are operating them,

and the executives who want to know what people are doing with them.” And New Relic can show exactly that.

There has to be a better way. At least, that’s what the team at Intercom said at the very beginning. Des Traynor says that Intercom’s mission today has the same spirit.

“Intercom evolved from this core idea; which is talking to your customers is so important it should be simple,” Traynor says. “Today we say our mission is to make internet business personal.”

Customers are people, too

People matter. Even with the most detailed metrics in the world, dialogue matters. Traynor says that at the core of Intercom is the belief that businesses need to treat their customers like ordinary people and “stop doing the usual thing which is treating them like data points in a database.”

Wassenaar points out that someone could be using a SaaS application, but be unhappy with it. She says this means that companies have to strike a balance between metrics and human dialogue to guide the customer’s experience. In the end, Wassenaar says “people vote with their feet.” Meaning, what’s the annual recurring revenue? How many people are staying?

When you or I sign up for a SaaS app, it’s usually low risk. Try it out, see if it’s a good fit, and move on if it’s not to our liking. This excellent set up for the customer is a challenge for the SaaS company – a challenge that puts customer service and experience at the top of the ever-lengthening priority list.

“Because people are ‘renting’ the software, it’s easier for them to leave,” Wassenaar says. “So, you have to earn their business every day.”

Traynor echoes this when he says that before a company adds a new feature to their app, they need to ask themselves, “Does this feature help the user get to where they need to

go?” Notice that this doesn’t have anything to do with a company thinking of a cool feature and making it because they like it – the feature has to serve the customer. Some companies try to serve customers by creating as many features to solve as many problems as possible.

“This means they’re spread so thin they struggle to deliver value for any use case, and the product gets over complicated,” Traynor says. A business or app can’t solve every problem. It’s time to streamline for success.

When tiny and efficient teams win big, we all win big

Speaking of success, did you know that when Instagram was acquired it had 13 employees? And at WhatsApp, there were only 55 employees at the time of acquisition? Wildly loved and used companies can now be built with a small team.

“The proliferation of cloud services...means that small teams can set up shop and afford to scale without growing a massive headcount,” Traynor says. “I think it’s a blessing. I think what



this shift does is it genuinely democratizes innovation.”

For business users, SaaS can be the perfect answer to the pressure to act faster than ever to adopt technology and figure out what business model brings the best results for customers. Delegate out some work to SaaS apps and focus on other things. Wassenaar says that business users are getting to this point because the SaaS market has matured enough for people to trust it.

“There was a period of time when people were afraid of ‘renting’ software but now it’s common,” Wassenaar says.

We are living in a “renaissance of software,” Traynor says, and it is almost undeniably great. Yes, SaaS brings its bundle of quirks, but the support it provides for people to innovate far outweighs the challenges. SaaS as we’re getting to know it means that innovation can flourish wherever the idea lives. Whether it’s a few business women in Helsinki, me in my small town apartment, or the stereotypical Silicon Valley startup, we can all use the same SaaS tools to build our ideas into a product.

Q&A Pia Vemmelund Managing Director, momondo

The travel search site Momondo already operates in 35 markets worldwide and with their internal resources growing rapidly they are optimistic about their prospects for the future. Managing Director Pia Vemmelund has passed on some insights into their strategy, as well as her perspective on digitalization in the industry.

BY ANDREW SCHOLFIELD

Nordic Business Report: *What is Momondo's positioning and competitive advantage?*

Pia Vemmelund: We've been focusing on becoming a global player. We see consolidation is taking place in the industry and it becomes harder to only be a local player. Critically our core product is strong (that is finding cheap flights and cheap hotels). However, at the same time we put a lot of energy into inspiring people, into creating inspirational tools, such as *Trip Finder*. We also have a city guide app called *Places* where you can search based on your mood. Another strength of ours is taking data and turning it into useful information such as the feature *Flight Insight*. We were the first to launch route specific flight variability information, showing you how likely it is for the price to go up the closer you get to departure. In general, though, it's the playful way we present data that adds to the user experience.

NBR: *What are the biggest shifts you've noticed in online travel?*

PV: For all digital industries, the speed is just amazing. Technology

changes all the time, giving you new opportunities to turn your creativity and innovation into useful insights for users. Like many companies, our revenue is higher for the website than it is for mobile. However, a lot of users touch upon our app during their customer journey, which is why we have decided to improve our app product. When we say we want to be the best, it has to be across all platforms. From a user perspective, you use all different devices depending on where you are and what situation you're in.

NBR: *How has Momondo transitioned to mobile since you've been with them?*

PV: We have seen an increase in app usage of 89 % year over year in Q1, with more people actually finishing their booking on mobile. After a lengthy internal discussion it was pretty clear that we wanted flights and hotels in the same app. It's easier for us to promote one app towards the end-user. Our recently launched version of the iOS app improves navigation, making it seamless. Today, there's less friction due to mobile optimized sites from all online travel agencies, which was not the case a year or two ago. *Places* is a separate app but that's because it's a more inspirational tool. With more people looking for where to go than searching for specific destinations, this is a growth market we want to inspire and take part of in the future.

NBR: *How difficult is it to convert big data into revenue?*

PV: I think we all agree that the more personalized we can make a product; the more the relevant data we present to the user, the more likely they are to convert. So, we try to make it as personalized as possible. The consequence is it requires you to be capable of han-

dling data in different ways. Log in is one thing that helps us a lot. Knowing people's preferences and search history is one of the areas where we can really see it having an impact.

NBR: *In the industry, are there any underlying ideas or concepts that are being underutilized/undervalued?*

PV: That's a tough question. Again, I think it has very much to do with mobile. There must be a reason why people change their mobile device and go to the website to actually end their transactions. There must be ways we can improve the process and make it easier to make the booking. Some of our competitors are doing what we call 'assisted booking'. I would like us to find a way to take friction out of mobile use, but it's difficult as meta-search is reliant on its partners. How do you find a setup where thousands of partners all agree a way that makes the process smooth? From a user perspective that would create the greatest benefit.

NBR: *Can you tell us more about your branding?*

PV: From the start we decided that product and brand were really important. However, you have to have something that drives you. We truly believe that travelling helps open up the world. We know there's a clear correlation between trust in other people and travelling. A clear vision; a clear purpose makes it easier to mould a team for the product you want to build. Be clear on where you want to be the best, and when your product is the best there will always be a demand for it.



Q&A Anita Krohn Traaseth

CEO, Innovation Norway

Norway is really putting its money where its mouth is when it comes to innovation with NOK 6.1 billion in funding being made available to Norwegian businesses and industries. Anita Krohn Traaseth, now the CEO of Innovation Norway, explains how the country is building a future away from the reliance on oil money.

BY ANDREW SCHOLFIELD

With 700+ employees in over 35 offices worldwide, *Innovation Norway (IN)* is the Norwegian Government's "most important instrument for innovation", explains Anita. *IN* works closely with the *Research Council of Norway* who implement R&D projects, but has a major steering role through the instigation of the *Dream Commitment*, a collective ideation and discussion between businesses and community leaders about the aspirations for Norwegian society and industry. Through the *Dream Commitment* objectives and a focus on areas in which Norway excels in "knowledge, competence and/or natural resources", Norway is targeting the "intercept between [six] disciplines and sectors: *the ocean space, clean energy, bioeconomy, health & welfare, smart societies, and creative businesses & tourism*."

Nordic Business Report: *How is IN delivering the 'Dream' into reality?*

Anita Krohn Traaseth: We are strong advocates for incubators, organizing events, trainings and recruitment activities. Innovation Norway has [been involved] in creating "power couples", i.e. medium to large companies working closely with startups. Maybe the

most important [activities] are our financing of clusters and centers for excellence.

NBR: *How are you transitioning away from a petroleum-based economy?*

AKT: Norway needs to build up new business opportunities in order to maintain today's economy and prosperity. We believe the oil industry itself, and the people associated with it, will be crucial for this transformation. Their expertise, technology and international networks will continue pushing for development and innovation in both established and new industries. Sustainability is an important part of *IN*'s strategy, and [all] applicants for our grants must now account for the environmental and social impact of their projects. We believe there are huge market opportunities related to climate change, population growth, urbanization, the need for safe food, clean water, welfare technology, energy and the like. Norway is the country with the highest density of electrical cars – despite our important oil industry. This proves that the shift is possible.

NBR: *How is Norway harnessing the power of digitalization?*

AKT: In 2016 the Government launched "The Digital Agenda for Norway". The agenda... describes how ICT can be used to renew, simplify and improve the public sector and forecasts increased efforts in this area. It deals with how ICT can facilitate innovation and competitiveness in business and presents a national plan for electronic communications. Although not in the lead, Norway is a forerunner in some fields already. Many countries envy our banking system and our fiscal solution, *Altinn*.

NBR: *Are there any other notable digital tech examples?*

AKT: *Lefdal Mine Datacenter* is constructing a data centre with a potential size that could make it unique in the world. Given the natural advantages in Sogn og Fjordane it will be among the greenest and most energy efficient data centres ever developed. *Signicat AS* delivers comprehensive services with in electronic identification and has the wind in its sails thanks to the growing international demand for cybersecurity. *TAG Sensors'* core activities revolve around a system for a continuous refrigeration monitoring and control chain using labels. These contain sensors in the form of a computer chip that can be read using a smart phone.

NBR: *What is your assessment of the Norwegian startup ecosystem?*

AKT: The interest around the Norwegian startup ecosystem has exploded the last couple of years, much due to several incubators, communities [and] initiatives like *Start Up Extreme*. Our belief is that there has been a good startup culture for a long time – but with less known companies. I call us the 'Tacit Innovation Nation.' We see a critical mass of new companies ready to expand within the areas of cleantech, edtech, fintech and medtech. They are growing fast, together, and they are clustering and cooperating like the traditional industries have done. This I believe is a key to success. To develop more successful start-ups, we also need more global oriented entrepreneurs. The services and instruments offered by *IN* are intended to complement this ecosystem.



Taavi Kotka, CIO of the Republic of Estonia
 "Estonia is the first country to have a state-run app store."

COUNTRY AS A SERVICE – ESTONIA'S NEW MODEL

In May, Manu Sporny became the 10,000th e-resident of Estonia. Sporny, the CEO of a US digital payments company, has never set foot in Estonia. However, he heard about the country's e-Residency program and decided Estonia was an obvious choice for his company's European headquarters.

People like Sporny are why Estonia launched e-Residency in December 2014. The program allows anyone in the world to apply for a digital identity, which will let them: **establish and run a location independent business online, access the EU market, open a bank account, use international payment service providers, declare taxes, and sign documents and contracts remotely.**

Just as private companies rely on new clients to promote profits, the state must retain citizens and add new residents and businesses to improve its economic condition. Global competition among states is growing, however, and doing the same-old, same-old won't get results.

Estonia has a grand total of 1.3 million inhabitants living in not-the-most-desirable climate, located at the same latitude as Alaska; on top of its undesirable climate, it lacks the well-funded social services of the other Nordics. On the surface, it would seem that Estonia has no chance of growth in this situation, but if you take a closer look, it does.

After regaining statehood from the Soviet Union in 1991, the Estonian private and public sectors saw the need for

» Estonia has one of the most robust national digital infrastructures in the world.

a new method of government. Together, they decided to transform Estonia into a nation based on digital solutions and e-services. 25 years later, Estonia has one of the most robust national digital infrastructures in the world. Digital signatures make signing documents effortless. Filing taxes only takes a few minutes online and

online voting makes it easy to participate in elections.

One essential component of digital society is a secure digital identity, which promotes accountability and makes it easier to protect individuals' identities. In 2002, Estonia started issuing residents a mandatory ID-card with a chip that empowers them to categorically identify themselves and verify legal transactions and documents through a legally binding digital signature.

With the new digital identity system, the state could serve its residents as well as the whole Estonian diaspora and it seemed logical to offer its e-services to people all over the world.

What does "Country as a Service" mean?

With globalization, skilled workers and businesspeople offer their services across national borders, regardless of their physical location. A survey by Intuit estimates that by 2020, 40 percent of US workers will pursue this type of work.

These entrepreneurs are looking for the simplest way to create and maintain a legal, global identity as an outlet for their global offerings. This is exactly what Estonia offers—**a location-independent, hassle-free and fully-digital economic and financial environment where entrepreneurs can run their own company globally.**

So how does Estonia benefit?

The more people and companies that are engaged with the Estonian business environment, the more clients there are

Benefits of e-Residency for Entrepreneurs:

- » Establish a company online within a day
- » Administer the company online from anywhere in the world
- » Open a bank account, conduct e-banking
- » Access international payment service providers
- » Sign documents digitally
- » Declare taxes online

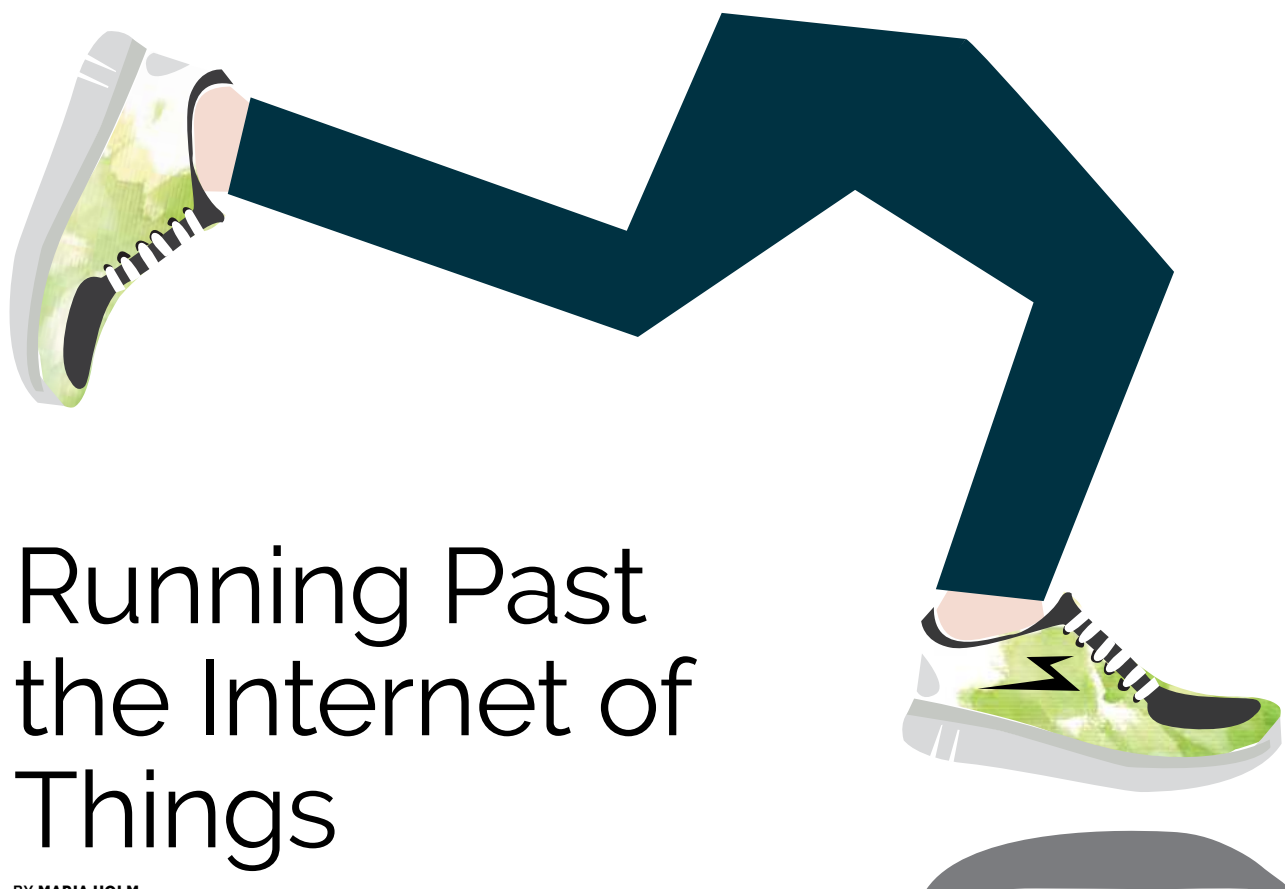
for Estonian companies. When an e-resident establishes a company, it means that the company will likely start using some Estonian services (such as those offered by bankers, accountants, auditors and lawyers). As more clients are created for these Estonian companies, their growth potential increases, along with the growth potential of the Estonian economy.

If states fail to redesign and simplify the machinery of bureaucracy and make it location-independent, there will be an opportunity for countries that can offer such services across borders.

Estonia has learned that it's incredibly important in a small state to serve primarily small and micro businesses. In order to sustain our nation in this way, we must automate and digitize processes to scale. Estonia's model, for instance, is location-independent, making it simple to scale successfully: Estonia hopes to attract at least 10 million e-residents by 2025.

Apply for e-Residency at e-resident.gov.ee
 or on-site at Nordic Business Forum
 on October 6-7, 2016 in Helsinki.

» e-resident.gov.ee



Running Past the Internet of Things

BY MARIA HOLM

There is a sense of urgency surrounding the discussion on the digital transformation of industry and the so-called “next industrial revolution”. Consultants, journalists and entrepreneurs emphatically announce that a sudden transformation will occur when it comes to new products and solutions in the emerging landscape of Internet of Things, which is even faster than previous disruptions.

The next revolution, building on the digital revolution that emerged in the 50s, is defined as the combination of contemporary automation; exchange of data and manufacturing technologies. **Klaus Schwab**, founder of the World Economic Forum, has characterized it as “a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.” Spokesmen in the media and at prestigious talks are pushing for a sense of urgency when it comes to this revolution. A revolution caused by the development of products

where an essential part is characterized as the Internet of Things (IoT).

IoT implies that a massive amount of “things” around us, such as furniture, houses, clothes, bodies, plants, and cars will be connected to sensors, actuators, software, services, platforms, and networks, which provides new functionalities and services. The idea with IoT is to conflate things with computers and thus revolutionize both.

The sense of urgency around IoT seems to have influenced incubators and investors as well. Just a few years back the investors were reluctant to

invest in hardware startups due to the high risk with long lead times and cost of manufacturing these products. This is no longer the case and investments in hardware innovations are trending.

It seems reasonable to prepare for a swift and drastic revolution. Agile software development, as well as rapid hardware manufacturing with 3D printing, supported by a “Do It Yourself (DIY)” movement have drastically contributed to the speed of technological development. Startups can move ever faster based on their competences and insights on how to take advantage of new market strategies. The progress of services and applications was made possible with the emergence of iOS and Android smartphones. This resulted in the preceding mobile revolution, including swift accessibility to the market that pushed slow telecommunications operators to even introduce flat rate.

At the same time there are factors present indicating that the change driven by IoT will be less urgent and revolutionary. A combination of abundant physical objects with computing technology is demanding. Every node in IoT is complex. It brings together the digital with traditional manufacturing technology. Underlining the call for urgent action, there is a prevailing belief that hardware can be developed at the same fast pace as we have recently seen with software. Such a transformation, with an expected pace of recent digital transformations, will be a huge challenge for established manufacturers of “things”.

Since the beginning of the industrial revolution the process of manufacturing physical objects have evolved from using tools to building tools, to big scale assembly line production organized in a “Fordism” style, until more recent operational management of production in industry with systems such as the Toyota model, the Kanban system, JIT and so on. Manufacturing techniques and operational management that over the years have made production faster and more efficient, but not as quickly as software production.

The difference in speed of production becomes evident when open source software design is compared to open-source hardware design. The open-source software movement produces on a big scale through voluntary development projects, which engage highly competent people working together across nations. It has resulted in global success stories like Linux, Android, and Wikipedia.

The philosophy and principles of open-source software design have been applied also in hardware projects. A study by MIT media lab showed that open-source hardware development was typically performed as small-scale projects. The projects encountered difficulties in development, such as components not being available in a given country or material being out of stock. Other differences that the study pointed to were the complication of sharing components, the investment required for prototyping, and the lack of mature software tools for collaboration. The study points to a number of challenges facing industry in the transformation of becoming digital. The potential for those problems to explode when larger companies engage in IoT activities are evident. Professor **Bo Dahlbom's** example of a company facing dramatic challenges is IKEA. It is “...an industry company and not a digital company”, and yet IKEA is expected to be abruptly revolutionized by IoT. In this context, industry companies will be faced with a new set of requirements regarding the organization, its resources and competences.

The observation from this line of reasoning is that some things develop fast, like software, while others will have a slower pace. If the challenges in combining traditional manufacturing with agile programming will lead to a slower innovation pace than is expected, where does this lead us? The reflection to be made is that the sense of urgency can have consequences for innovation in industry.

During the last decade we have seen companies downsize their own internal research and innovation development. Many are the telecom and IT-companies that have closed down whole departments to become slimmer, and instead moved towards “open innovation”, which in many cases means collaborating with or investing in startups. Nokia and TeliaSonera are examples of companies that have drastically downsized their research organizations where TeliaSonera moved from 600 researchers to an organization for innovation management run by a handful of people.

This development indicates that innovation is expected to be fast and, to a lesser extent, made within the firms. Instead, many companies seek new services and products to complement their offering to customers through collaboration and acquisitions of startups.

At the same time, the ‘Things’ in the Internet of Things are often made in China and other low labor cost countries by a single manufacturer serving many customers. Manufacturing is an industry that for centuries have worked to lower the costs and make production more adaptive and efficient such as by minimum requirements of batch sizes, reducing lead and delivery time. A number of Swedish start-ups in the IoT area such as HiNation, Mutewatch and, Movinto Fun all faced the challenges of having to adapt to the these ‘slower production requirements of the ‘thing’, resulting in long waiting times for delivery, lock-in of quantity of production and so forth.

The traditional manufacturing industry model has long experience of producing ‘things’ and has learnt that production of physical products requires time. Therefore, they do it in a careful and planned way. The traditional model starts with a market analysis to identify the gaps and needs of the customer. The customers are quite often existing customers rather than new users. For one, it is not at all apparent that the customers know what they want or need and in many cases they will not be prepared to make investments in new products or technology.

Although the introduction of IoT is unlikely to lead to the same sort of radical transformation as the mobile Internet has given us, it would be a shame if the problems outlined in this piece became obstinate barriers to the realization of what could be achieved. What is required is to acknowledge that the pace of IT development will always outstrip the physical limitations of manufacturing. The computer industry’s demand for speed can’t change the laws of physics. It should also be remembered that any possible improvement in manufacturing efficiency or incorporation of new technology is a potential for competitive advantage and as such will be seized upon by manufacturing firms whenever possible.

In addition, we don’t have to search hard for examples of ways in which this chasm of progress can be bridged. For example, a reduction in variety would better allow for the creation of exchangeable and modular digital components and more standardization for IoT technology. Software will have an increased role in design and there will be more focus put on the interface and the design of surfaces. So long as physical products are modular there would still be room to cre-



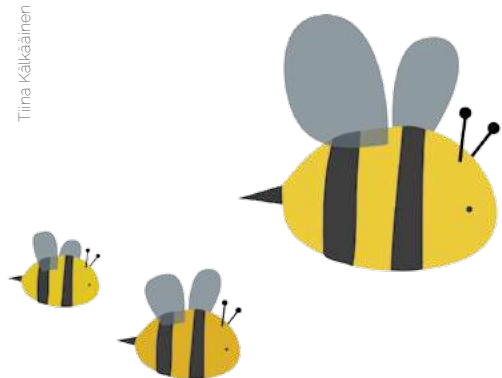
Tiina Kälkäinen

ate different forms and thus still provide variety to the consumer.

Also, IT companies might end up being more selective about who they work with, focusing on those manufacturers who can provide speed, flexibility and variation in production. These more agile and responsive manufacturers would exploit this first-mover advantage and monopolize the market. The downside again is that less variety and less competition might affect the value that is delivered to the customer.

Warning signs for obdurate manufacturers can be seen in the car industry where the pace of digital services has leapfrogged their endeavors. Despite efforts to embed new services, such as navigation tools into a car’s onboard system, the speed of development of such features in mobile phones have made these additions seem dated before they’ve even arrived.

Moving forward, it is the actor who understands the whole process and engages with digital opportunities will undoubtedly benefit from the advantages that are inherent within the IoT. What is not yet evident is whether the pioneers in this regard will come from manufacturers who have adapted, or from IT companies that have expanded their market ambitions. In order for there to be more clarity on where the future successes in the IoT will be orientated, there needs to be more case examples to illustrate what is and isn’t possible.



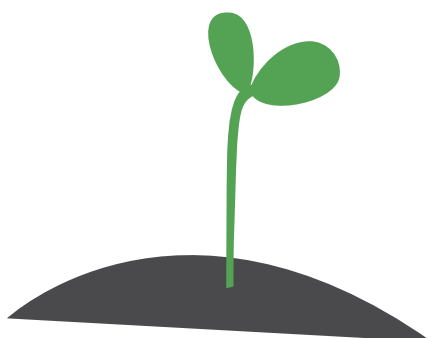
The Power of Platforms

BY TUOMAS LIISANANTTI

The four big platform companies, Facebook, Google, Amazon, and Apple, hovering at combined \$1,800,000,000,000 in terms of their market capitalization, the equivalent of the GDP of Canada, it is as if **Jeff Bezos, Larry Page, Tim Cook** and **Mark Zuckerberg** had taken over the world and the rest of us just shop, search, text, and post in it. Chinese eCommerce giant Alibaba, transportation network Uber and lodging marketplace Airbnb, together with their CEOs, are quickly following suit. Something noteworthy has happened in the world of business models and strategy. It is rare to see a single new business model rise to dominance in practically all industries as quickly as the platform model has.



As stated by **Tom Goodwin**, in the now-famous TechCrunch article, "Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate."



What has changed is that information technology has profoundly reduced the need to own physical infrastructure and assets. The majority of the most prosperous technology companies of today run platform-based businesses.

According to **Sangeet Paul Choudary**, **Marshall W. Van Alstyne**, and **Geoffrey G. Parker**, the authors of *Platform Revolution*, a platform is "a business based on enabling value-creating interactions between external producers and consumers". It provides an open, participative infrastructure for interactions and sets governance conditions to "consummate matches among users and facilitate the exchange of goods, services, or social currency, thereby enabling value creation for all participants".

The Internet was supposed to kill middlemen, but instead, being the middleman has proven to be very lucrative.

The Uber of Everything

Since 2000, the winds of change have already wiped out 52% of the Fortune 500 companies, making room for platform technology companies whose revenues and shares have soared to new heights. Facebook, Amazon, and Google have worked their way up to top the highest valued companies list extremely fast.

So, what makes the platform-based business model so powerful?

Scott Galloway, a clinical professor of marketing at NYU Stern and the founder of the intelligence firm L2 Inc, explains.

"Effectively, other people are creating their product free of charge. Not only do you have network effects, but you have this cash crop where

other people are paying for the crops. It's sort of the ultimate business model where your content providers don't charge you anything, which makes it massively profitable. You've never seen companies built on the backs of their consumers the way these are."

If most markets previously created value and transferred it 'linearly' through a production chain that was put in place to deliver the product or service, now the platform structure facilitates a large number of connections that enable value to be created, co-created, exchanged, and consumed in various ways. A typical trait of many successful platform businesses is that the platform creates value in ways that even the creator of the platform couldn't foresee.

The network effect refers to the impact that the number of users of a platform has on the value created for each user. A classic example of network effects is the telephone. The greater the number of phone users, the more valuable the telephone is for each owner. The same type of positive network effect is considered the main source of value creation and competitive advantage for platform businesses.

However, this is not to suggest that the platform-based business model doesn't have any weaknesses. Even the established platform businesses that have scaled up rapidly are constantly under stress due to network effects.

"The reasons they were able to scale so fast makes them very vulnerable to other companies that can scale up fast. Technology companies typically age in dog-years," Galloway points out.

Even if more traditional companies such as the consumer goods behemoths Unilever and Procter & Gamble are not able to grow as quickly, be as profitable in the near or medium term, or create shareholder returns as lucrative as Facebook or Google, the established physical nature of these businesses has some advantages that can help them outlive many technology companies. The countermove from the current digital behemoths is, ironically, to get back to the world of physical things.

"The smart ones, like Amazon, are building analog barriers of entry. They used the Internet, cloud-based computing, and network effects to build businesses that scale fast, but they then used the cheap capital to go and invest in things like warehouses," Galloway says.

**Other people
are creating their
product free
of charge.**



Apple, the only one of the big four to have succeeded in the hardware business, has also gone the same way by investing in hundreds of Apple stores in 18 countries.

Another kind of network effect-related risk that has resulted in the downfall of many of the platform company hits of the 21st century, is the so-called negative network effect. The sub-type, described by Choudary, Van Alstyne and Parker as the 'negative cross-side effect' is especially the reason why many of the mighty have fallen. "Cross-side effects arise when either consumers or producers gain or lose based on the number of users on the opposite side of the platform," the authors write. Losing a productive user on one side can quickly result in losing many more on the other side of the two-sided market. Or gain too many users on one side and the imbalance might lead

The smart ones, like Amazon, are building analog barriers of entry.

to excessive complexity and bad user experience on the other.

The G & The F

With 1.6 billion monthly active users going to Facebook for news, photos, video, and messaging, Facebook, described by Galloway as the most successful thing in the history of time, has fairly quickly started to control a mind-boggling portion of all internet traffic.

"Facebook is now 25% of the time spent on the Internet, so it's like technically Facebook is the Internet, and the Internet is just the IP-department – the underlying technology."

The competition for consumers' time spent online is fierce, and Facebook is not the only player that wants to be the interface via which we interact most on our mobile phones. All the

platform giants are slowly reaching to each other's territory and, to some extent, being the operating system on our mobile phone seems to become the celebrity deathmatch. Apple can, to a certain extent, control the hardware and decide what goes on the device. And Google is there with Android.

"They are trying to figure out who has custody of the consumer via their mobile phone," says Galloway.

When asked about betting on either Facebook or Google, Galloway picked Facebook. For two primary reasons.

"They are allowed to link data to specific identities." What Galloway means is that because of the open nature of the Facebook, we don't seem to mind if Facebook collects data on our specific actions and links it to our specific identity. An asset easily monetized by selling the data to advertisers.

On the other hand, people are not as comfortable linking their search queries with their names and identities. For obvious reasons, we put a lot of strange things into the search query box. "As a result, Google can cluster groups and link data to specific groups, but they can't target as richly as Facebook," Galloway sums up.

The other advantage Facebook has is mobile. "I would call mobile neutral for Google. Mobile is creating more time on screens, more searches, which is good for Google, but 80% of the time on a mobile phone is spent in an app and not on a browser, which is bad for Google. A lot of apps are controlled by the host company who doesn't necessarily have an interest in driving more Google search revenue. There's also less screen real estate to serve AdWords ads. So, while on one hand mobile is good for Google, it's also a potential threat," Galloway explains.

"For Facebook, mobile has been a net positive. 83% of Facebook's revenue now comes from mobile. It's largely a visual platform with some text wrapped around it, so mobile does not impair the process. Google grew 18% last year, and Facebook grew 43%, so Facebook has the upper hand right now," he adds.

The ace in the hole for Google is its employees' immense intellectual potential. "If you took just the sheer number of people with advanced degrees or IQ over 120, there's more of them at Google than at NASA, the CIA, the KGB, or Air-

bus. Name any organization that is known for having very smart people and you can add them all up, but it does not add up to the candlepower and intellect that Google has assembled," Galloway says.

Wrong side of the coin

When companies are growing 20 to 40 percent a year in a 2% growth economy, there's usually someone on the wrong side of that coin. Experts across the board have noted that every time these companies increase their market share and revenues, job destruction results on the other end. Even if, companies doing more with less is not necessarily a bad thing given that unemployed workers have found other ways to make a living in more productive areas, this time is notably different.

"What you have is a great uncoupling when technology became the growth engine, because technology is quite frankly destroying middle-class jobs faster than we can recreate them. The pace of job destruction, unfortunately, has outpaced the rate of job creation in other industries," Galloway analyzes.

Though the employee count of all the biggest platform technology mammoths is unprecedented compared to their revenues and market capitalizations, Uber is facing by far the most dissent among people concerned about negative employment effects. Galloway has a simple explanation for why Uber has become the poster child for job destruction.

"It's a very identifiable group that Uber is putting out of work, whereas Amazon is putting a bunch of different people from different industries out of business: merchants, security guards, cashiers, and real-estate people who build retail. They are not as coordinated and don't speak as loudly with one voice."

The impact of the world of platforms is much easier to recognize when getting off a plane at an airport and seeing a line of 100 taxis and no customers – it's right in your face. The growing dominance of more with less is expected to create genuine challenges for society.

"People finally have to come to grips with the reality that the rising tide does not lift all boats, it is creating some super yachts, and a lot of people are drowning," Galloway sums up.

They are trying to figure out who has custody of the consumer via their mobile phone.

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Betting on Digitalization

BY ANDREW SCHOLFIELD

The pace of digitalization is forcing CEOs to go all in, whether they're confident or not. In response, Fujitsu is spreading customer risk by dealing out multiple hands.

The only choice

Fujitsu's Head of EMEA and the Americas, **Duncan Tait**, doesn't hold back when emphasizing the importance of digitalization. "I used to say that digitalization is the biggest thing that's happened since the industrial revolution, and I was completely wrong. Digitalization is the most fundamental thing since humans were able to communicate."

A fundamental shift

Digitalization changes everything, affecting core aspects of business processes, customer interaction and products. "The most pressing areas for our customers are how to engage with their markets, and the fundamental nature of what they deliver," Tait explains. Processes gain obvious benefits from digitalization, as well as the ways companies interact with customers. The more unexpected consequence is how it leads to the reassessment of products and services.

A double-edged sword

A study of over 7,000 respondents found the overwhelming majority of financial service consumers were happy for banks to manage and have insights into their data, provided privacy and security were maintained. Of concern to banks should be that 1 in 5 surveyed would buy financial services from Facebook or Google, and with "two-thirds of 22–29-year-olds having changed banks in the last 5 years," finance would seem ripe for disruption. On the flip-side, the same study found one-third saying they would buy other services, like mobile phone or energy, from their finance provider.

Don't bluff, spread your bets

A Fujitsu study of 600 European C-level executives and ICT decision-makers indicated high confidence in digitalization with 92% stating that they would class their organizations as digitally mature, but two-thirds also stated the

success of digital projects was a gamble. Fujitsu is clear on how to approach this disconnect - multiple pilot projects, allowing for 90% failure, followed by rapid scaling of those that succeed. *MetaArc* is Fujitsu's global digital business platform enabling "customers to run several programs all at the same time." For Tait, the acid test of a digitalization project is if it can be scaled to the point where it can secure the future of the organization. He believes many fail on this key criterion.

Playing the new game

Senior decision-makers fully understand the opportunities and threats posed by digitalization, but are "nervous" about how they will affect the "long-term health of their organizations." Tait believes that the "digital guys" must be the drivers, but must integrate to "bring the whole organization into the future" or face being outmanoeuvred by more agile competitors.

Hacked by a Unicorn?



COLUMN

Mikko Hyppönen, CRO, F-Secure

We've all heard about high profile hacking cases in recent years, with companies like Sony Pictures or LinkedIn becoming victims of cyber attacks. For many companies, computer security became – at least briefly – a board level topic. But the discussion around hacking risks is often confused, and one reason is that people don't know who they are talking about when they refer to hackers.

Most people probably don't know any hackers. But they probably have an idea about what one looks like. The image of someone sitting alone at a computer, with their face obscured by a hoodie, staring intently at lines of code in which their particular brand of crime or mischief is rooted, has become widely associated with hackers. You can confirm this by simply doing an image search for "hackers" and seeing what you come up with.

After 25 years of researching hackers, I've concluded that this picture distorts how people should see today's threats. It creates very misleading ideas about the adversaries that people, businesses, and especially cyber security companies need to focus on. We have no hope of defending ourselves if we don't know who the attackers are. It's a mistake to take the old "hacker-in-a-hoodie" stereotype and think it applies to the threats we're facing today.

Why do we delude ourselves into thinking hackers wear hoodies like they're some kind of uniform? When I see the hacker-in-a-hoodie, I feel like I'm being led to believe that hackers work in isolation. And that hacking is a hobby one indulges in when not working or studying. My takeaway from this image is that hackers are portrayed as pursuing a casual interest rather than working to achieve goals. But the idea that such unprofessional adversaries are responsible for things like Stuxnet or ransomware is incredibly naïve. Why don't we see pictures of hackers wearing a suit and tie? Or a cardigan?

Hacking is now a marketable skill that's commodified as products and services, and sold to criminals, companies, and even governments. Hackers now have their own networks, both technical and social, that they use to buy, sell, and trade hacking services and malicious software. They pool resources and coordinate efforts, giving threats far greater capabilities than any individual hacker could develop alone.

Silicon valley has started to use the 'Unicorn' term to describe a private tech company that is valued at over a billion dollars – companies like Uber, Airbnb or Dropbox. So the question is: do we already have Cybercrime Unicorns? The answer is that we just might.



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