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FEBRUARY 2017



**EXPERTS ASSESS GLOBALISATION LEADERSHIP**

## UNCERTAINTY LOOMS OVER OPEN GLOBAL ECONOMIC ORDER

Jean-Pierre Lehmann, Emeritus Professor at IMD and Founder of the Evian-Group on current issues of globalisation. Photo: AH

© “The global narrative of the 21st century will be written in Asia.” Prof. Dr. Jean-Pierre Lehmann, Emeritus Professor at IMD and Founder of the Evian Group, believes the current trend towards protectionism in the west, particularly with the election of Donald Trump, demands a re-evaluation of the future of the open global economic order. Lehmann and other experts examined the changing role of leadership in globalisation during the Preparatory Seminar. As the USA might be taking a step back from globalisation, China in particular may take on a more prominent role.

This assertion was echoed by Janwillem Acket, Chief Economist at Julius Bär. If Trump does not withdraw from his planned policies of isolationism, Acket believes China is ready to take the lead of shaping globalisation and has already staked a claim for the leadership role. With its “One Belt One Road” initiative the Chinese government realised the importance of connectivity and opened a new path for globalisation with its. The project consists of massive investment in the development of trade routes in Eurasia. “The trade routes alone will be a growth-enhancing

element, which will be considerable for all the countries concerned,” claims Acket.

However, Acket added, China's current heavy reliance on the global economy and its aims to reduce its dependency must not be ignored. In the midst of a major overhaul, China is transforming into an internally focused consumer-driven economy taking the USA as its role model.

Amid growing concerns about the current trend toward protectionism in the west, proponents of globalisation can find reasons for optimism, as Lehmann stated, referring to the key message of Chinese President Xi Jinping at this year's World Economic Forum in Davos. There, Xi urged the world to embrace free trade and investment liberalisation, while positioning his nation as the responsible promoter of globalisation.

“No one will emerge as a winner in a trade war,” Xi warned in his speech to the world's elite. The leader of the second largest economy spoke three days before Donald Trump gave his inauguration speech on

## TABLE OF CONTENTS

- 1 & 2 UNCERTAINTY LOOMS  
OVER OPEN GLOBAL  
ECONOMIC ORDER
- 3 EXCELLENT MARKETING  
FOR SUCCESS
- DIGITAL START-UPS  
INNOVATE OR DIE
- 4 SUCCESS RECIPES IN  
EMERGING MARKETS
- 5 CAREER FAIR
- 6 CAN CHINA ESCAPE THE  
MIDDLE-INCOME TRAP?
- 7 "ONE BELT, ONE ROAD"
- 8 CHINA NOW IMPORTANT  
INNOVATOR
- 9 SMITA PURUSHOTTA  
AMBASSADOR OF INDIA
- 10 IWWIWW
- 11 BEING A COUNTRY OF  
COUNTRIES
- 12 IMPRESSIONS
- 13 INNOVATION  
AS A DISCIPLINE
- 14 SWITZERLAND  
AS THE MOST  
INNOVATIVE COUNTRY
- 15 DIGITAL TRANSFORMATION  
DRIVES AUTOMATION  
SUCCESS
- WINNING  
ELECTION  
CAMPAIGNS
- 16 DISPARITIES CHALLENGE  
ASEAN ECONOMIES
- 18 WHY INDONESIA WILL BE  
5TH LARGEST ECONOMY BY  
2030
- 19 COMPANY VISITS
- 20 PARTNERS

putting "America First" and claiming: "Protection will lead to great prosperity and strength."

### UNCLEAR USA POLICY

Dr. rer. pol. Kristyna Ters, Research Fellow at the Bank for International Settlements and lecturer at the FHNW, claimed that the world has become uncertain and nobody has a clear perspective on Trump's agenda. "We must wait and see whether this is only a political power game, right after his inauguration," Ters said. The interconnectedness of the USA, through trade linkages with various countries, has played a key part in today's globalisation; in fact the USA has stood as the world's economic leader for decades.

"We have seen after the collapse of Lehman how fast the USA financial market crisis spilled over contagiously to Europe. Since the election of Trump we have an elevated uncertainty in financial markets," Ters asserted. "Economic recovery is still either fragile or moderate in most countries in Europe as we are still in the aftermath of the euro area sovereign debt crisis. This makes us extremely vulnerable to any future development in the USA".

Economic weaknesses complicate America's position to spearhead globalisation, and meanwhile Trump has asserted that free-trade policies are destructive and keeps pushing protectionist plans. According to Ters, the USA already experienced decreasing corporate revenues and investments over several quarters before the election, and growth currently depends solely on consumption. Moreover, inflation is at almost 3%, with the USD is now overvalued against the EUR.

"The FED must increase interest rates in the medium term due to inflation, unless the oil price falls below 20 USD per barrel. However with increasing interest rates the FED will face the problem of completely choking off investments and further increase prices on exports. Trump's

announcement that he will increase government spending on infrastructure and decrease tax points towards a further increasing debt level in the USA could lead to a worst case scenario that we will again experience a stagflation as in the 1970's," Ters explained.

Janwillem Acket downplayed concerns over the threat to globalisation by Trump's policies. "I am not so worried about Trump. It is also in the interest of the USA to have international trade which functions," Acket said. "The Trump government is looking for easy victims, China is not an easy victim, because it is in the mutual interest of China and the USA to have good trade relationships." Furthermore, Acket believes that "realpolitik" is expected to prevail in the future. This means that given situations and circumstance will be acknowledged, even by ideological standards from Trump, according to Acket.

● VI

### GLOBALISATION & INDIA

© LEONI Studer AG recently acquired a majority share in ETH spin-off Adaptricity, which provides access to skills in the fields of software, simulation and cloud-based data analysis and thus adds opportunities to countries like India. Its Project Manager Valérie Herzog believes globalisation with such tools offer the opportunity for accelerated development.

*"India has the chance to boost its development by using new digital methods. For large and populous countries like India, new technologies such as digital payments, mobile solutions and online access to government offices can be a major support in developing the country because these technologies ease the access for everyone. At the same time, India will profit using, for example, the latest solar technology to cope with its constant power deficit. Moreover, India can gain access to some additional export markets in the globalized world – provided that products and services are of high quality,"* Herzog said. ● CH



Janwillem Acket, Chief Economist Julius Bär, examines China's future role in the global economy. Photo: MT

# "WITH EEDOCTORS YOU CAN CALL YOUR DOCTOR VIA VIDEO CALLS ON AN APP"

## EXCELLENT MARKETING FOR SUCCESS



Dr. Andrea Braga, Chief Medical Officer of eedoctors. Photo: JW

© eedoctors is a start-up that uses the digitalization to transform the healthcare industry by giving their customers access to doctors via video calls on an app. Dr. Andrea Braga, the Chief Medical Officer, explained there was a potential in the current healthcare system and that eedoctors is a start-up.

Currently, the healthcare industry is confronted by several problems such as demographic changes or insufficient services, according to Braga.

Costs are constantly rising in Switzerland. In contrast to this, the healthcare of tomorrow will have to include a higher service level, more individualization as well as digitalization. Moreover, Braga explained, an analysis has shown that 70% of the clinical issues could be treated by videos. eedoctors embraced this opportunity and placed themselves as a problem solver by adding another level of efficiency to the healthcare system.

**"The most important thing in our product is medicine. We can have the best app and the best marketing, but when there is no service behind it and we are not delivering medicine we will fail",** said Andrea Braga.

As a start-up in the beginning phase, marketing is essential. Social media presence is especially important in the launch phase, according to Braga. This will help to build up an online community by sharing engaging relevant content and building deeper relationships with networks, industry peers and influencers in order to grow awareness and brand perception. ● FG

## DIGITAL START-UPS – INNOVATE OR DIE

© To survive, companies must be able to exist in a world of platforms, close the digitalization gap and especially be innovative. According to Michael Schranz, Head of Marketing and Business Development of the application development agency Apps with love, these abilities determine survival.

A key way to approach the various challenges, Schranz believes, is the design thinking process. "To be innovative and creative a company must embed the design thinking process. By including employees from various departments, maintaining processes, considering the climate and environment within a company and the product itself, creativity will automatically lead to innovation."

Schranz continued: "To enhance creativity, it is important to have an open culture where everybody feels free to have their own ideas." The innovation processes can no longer be held behind closed doors, but instead must be open and include collaboration with customers, research partners as well as other businesses.



Michael Schranz from Apps with love while talking about the design thinking process. Photo: JW

"With the help of design thinking as a strategy for innovation, a company must be willing to continuously redesign their business according to customers' needs and wants", said Schranz. "The better a design is, the more innovative it becomes and, therefore, leads to a desirable product for the customers." ● AH

## SCHINDLER AND MAGNOLIA CMS

# RECIPES FOR SUCCESS IN EMERGING MARKETS



Andreas Ryser presenting of the vision Schindler: Being the best service provider in the industry for its customers world wide. Photo: CK

© Increasingly Swiss companies aim to extend their businesses to foreign and less expensive markets. What particular challenges do Swiss companies face? What are the good, the bad and the ugly outcomes? Schindler and Magnolia CMS presented two great examples of Swiss companies that have successfully integrated their business strategies into the Central and South East Asian market.

### SCHINDLER – GLOBAL EXPERTISE, YET LOCAL FOCUS

Schindler, the first joint venture from the Western world in China, has positioned itself as a global leader in manufacturing and maintenance of elevator and escalators. Despite the harsh initial conditions, such as a completely different cultural background or the lack of infrastructure and urbanisation, Andreas Ryser – Sales Manager of Schindler Top Range Division – sees a huge potential in the Chinese market. According to Ryser, China is the biggest market for elevators and escalators next to India and Japan. With its huge populations and pace of growth, Schindler deems it crucial to produce where the market is.

In the case of Schindler, the company could establish a strong network of subsidiaries in 100 countries all over the world. The key to success lies in controlling main operations in the headquarters in Switzerland. On top of that, Schindler offers its customers a product that is movable or as Ryser calls it 'mobility'. Despite the global activities of the company, Schindler focuses remaining a Swiss company. Therefore, the main business activities and the centre of Research and Development remain headquartered in Switzerland where the success story begun.

Ryser believes there are various opportunities for Swiss companies to collaborate with local companies to amplify existing technology, especially in the field of information technology and Industry 4.0.

Swiss companies still face major issues when entering the Chinese market. For instance, the country opens slowly and there is still a lack of governmental and legal protection. Only 50 years ago, there was no legal framework for private or business law.

### "IT IS A CULTURAL FIT" MAGNOLIA IN VIETNAM

Boris Kraft - the co-founder and Chief Visionary Officer of Magnolia CMS - revealed the Good, Bad and even Ugly aspects which Magnolia faced when the company entered the Vietnamese market. Magnolia was interested in Vietnam due to the availability of skilled developers for its digital business platform.

The good things Magnolia came across during the market entry process were the motivation, discipline and commitment of the Vietnamese employees. This was highlighted by the willingness to learn from the professionals. The Vietnamese culture also appealed to Magnolia. "Vietnam is much more about community and society than Switzerland," said Kraft. From his perspective, Vietnam was a cultural fit for Magnolia. Magnolia also faced what they considered weak points: the income disparity between expats and local employees as well as the poor language skills. Magnolia therefore decided to become involved in their employee's education.

Then there were what Magnolia considered "the ugly": The communication infrastructure, the conduct of expats living in Vietnam, corruption and red tape and various environmental issues such as road traffic congestion.

Despite these challenges, Magnolia witnessed the biggest growth in Vietnam in comparison to its other locations. Kraft insisted that Vietnam has what it takes to offer Magnolia strategic potential growth in Asia, sharing similar quality standards with Switzerland. ● CK & KB



Boris Krafts, Co-founder of Magnolia CMS and chief visionary officer. Photo: KB



# CAREER FAIR

10 PARTNERS PARTICIPATED IN THE CAREER FAIR ON JOINT FRIDAY



## INNOVATION AND LEGAL FRAMEWORKS NEEDED

# CAN CHINA ESCAPE MIDDLE-INCOME TRAP?

[www.insightchina.ch](http://www.insightchina.ch)

◎ The explosive growth of China over the last three decades has created a middle-income country. However, China did not manage to sustain its previous growth rate in recent years and its government now faces the daunting task of avoiding the middle-income trap: How to remain competitive with higher labour costs.

During a panel discussion, four experts discussed this complex situation: Lukas Züst, Counsel & Head of China Desk at Vischer AG, Elisabeth Tester, Co-Founder ChinaIntelligence, Janwillem Acket, Chief Economist at Julius Bär and Prof. Michael Jeive, Head of the FHNW Swiss SME Research Centre China.

According to Acket, China has reached a crucial period in its economic development. Last year's growth rate of 6.7% was the slowest pace in more than a quarter century, confirming multiple years of slowdown that impairs its economic transformation. Stuck at the middle-income level, the world's second largest economy is unable to break through.

**"China has entered the first stage out of poverty and the big challenge is, how can it go from its current stage into the next higher level,"** Acket said.

He denoted China's middle-income trap as a dilemma because of its sandwich-position. Due to the exhaustion of cheap labour, China struggles to maintain international competitiveness with low-cost countries. Besides, there is an intense high-tech competition with developed nations, according to Acket.



Elisabeth Tester, Co-Founder ChinaIntelligence, emphasised the importance of innovation to escape the middle-income trap. Photo: VI



The panel discussion – from left to right: Michael Jeive, Lukas Züst, Elisabeth Tester, Janwillem Acket. Photo: CK

Meanwhile, the government recognises innovation as the key driving force for China's further development and placed significant emphasis on science and technology in its 13th five-year plan. "If you look at the five-year plan, there is a clear focus to go away from heavy industries that actually brought China at the forefront, as the largest manufacturer of the world," Acket noted. In order to overcome the hurdles of the middle-income trap, Tester confirmed the importance of creating an economy based on innovation and technology. "There is one word that characterises the whole discussion and this word is innovation," Tester said.

## GOVERNANCE OF INNOVATION

A critical barrier that China must face before entering the spectrum of technologies is its own governance of innovation. According to Züst, the government identified the areas for improvement and is doing its utmost to strengthen innovation, yet they still want to maintain control and restrict with it the freedom of research. "That is the kind of contradiction that the current system still has," Züst concluded. "If a government wants to be involved everywhere, it is not very motivating for researchers," Acket added. "It is going to be crucial for China's development process into the final stage, that the government allows free zones for research and development." Furthermore the government is required to develop a legal environment that paves the way for innovation, in particular a functioning intellectual property protection system, according to Züst.

The shift from resource-driven growth to innovation-based growth is undoubtedly a huge challenge for China. However, the panellists are confident that China will move up the income ladder. The government understands what is required to foster innovation and if it also manages to cope with legal certainty, Züst believes, China will not be caught in the middle-income trap. ● VI



## PWC'S STEFAN SCHMID DISCUSSES CHALLENGES

# "ONE BELT, ONE ROAD"



[www.insightchina.ch](http://www.insightchina.ch)

Since 2013, the 'One Belt, One Road' (OBOR) initiative has become the centrepiece of China's economic diplomacy. The essence of OBOR is to promote regional and cross-continental connectivity between China and Eurasia. Stefan Schmid, Partner of PwC and Leader International Tax Services Head tax chapter Asia Business Group, explained the new Chinese trade routes and discussed the question whether China is the right place for a business.

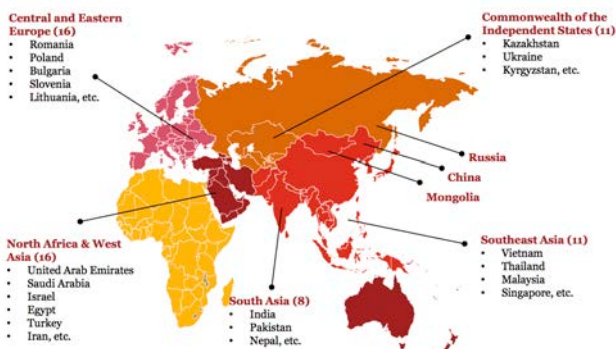


Source: Economist.com

## WHAT IS OBOR?

'One Belt, One Road' (OBOR) is touted as a revival of the iconic land and maritime Silk Road via a trade-and-infrastructure network spanning East Asia to Western Europe and south through Africa. Connectivity covers five major areas of interest: policy coordination, infrastructure construction (including railways and highways), unimpeded trade, financial integration and people-to-people ties. Among these, infrastructure construction is the dominant feature of the New Silk Road. So far, more than 100 countries and international organisations have signed up to OBOR.

### Lists of 65 Countries along One Belt One Road



Source: Hong Kong Trade Development Council, summarized by PwC



Stefan Schmid presenting threats and opportunities for Swiss companies in China and the impact of the OBOR initiative. Photo: CK

The overall purpose is to connect the West of China with the Middle East and Europe. Schmid explained that OBOR aims at framing prosperity and economic growth to the Western parts of China which is less developed through developing infrastructure and better transport connections.

According to Schmid, the 'One Belt, One Road' initiative offers Western companies tremendous opportunities for potential cooperation with Chinese in the fields of infrastructure, financial and professional services, advanced manufacturing as well as transport and logistics. Possible business models for partnerships with Chinese companies could be joint partnerships, technology transfer, investment funding or engineering, procurement and construction (a form of contracting agreement in the construction industry).

However, all that glitters is not gold. Within this inclusive attempt by the Chinese government there are various challenges that need to be considered, Schmid said. OBOR is not only an economic initiative but also a major geopolitical one. The diversity and different economic and political situations of countries along the routes inevitably mean there are inherent risks, such as political stability risk (e.g., Kazakhstan), legal and regulatory risk (e.g., Vietnam), and labour market risk (e.g., Malaysia).

Companies need to carefully consider if China is the right place for their business to expand. Schmid explained in his presentation that it depends on how you source your products in Asia. "Is it manufactured in Asia? Is it your own manufacturing cooperation? Or is it contracting manufacturing? Or is Asia at all the right place?" are the questions every business should ask when thinking about establishing operations in China. "If your customers are in China, then it is the right thing to do. If you use China as an inexpensive location to produce goods, then a business might choose a country that has a lower wage level like Indonesia," he said. ● CK

# CHINA NOW IMPORTANT INNOVATOR



[www.insightchina.ch](http://www.insightchina.ch)



Prof. Dr. Ruedi Nützi, Director of School of Business FHNW. Photo: CK

◎ **Well copied was yesterday. In the age of Wechat and Alibaba, Chinese companies have established themselves as important competitors and innovators in the global economy.**

China has moved from copying the western world to producing their own innovations. Prof. Dr. Ruedi Nützi, Director School of Business FHNW, stressed the need to change the perception of 'made in China'. Unlike in the past, China is no longer the place to go for cheap manufacturing and labour costs. Nowadays, China is an important partner for innovation and therefore, a relevant stakeholder for the competitiveness of Switzerland.

The prejudice is wrong that China still lags behind global standards in production, Nützi claimed. Swiss companies such as Schindler have shown how high quality and Western business practices have helped the Chinese economy to grow. So far, China has 18 per cent of the world GDP.

Martin Schneider, the CEO of Brainforce AG, claimed there has been a shift from a know how to a know why economy. Economists predict that China's future will align with those of developed countries such as Switzerland: The wage gap between China and Europe will disappear by 2020. "On the one hand, China will obtain the same GDP and prosperity as developed countries," Schneider said. "On the other, the country will face equal issues such as decline of employee rates, aging population and shortage of skilled labour."

One solution that could address the issue of talent shortages is the model of interim managers. These types of managers are trained to overcome transition periods where companies are establishing new locations and benefit from fundamental experience in a certain field of business. Schneider claimed that having a stack of trained top level managers could enhance performance and innovation of a company.

## INCREASED LABOUR COSTS

With the growth of the Chinese economy not only productivity has increased but also labour costs. This is not particularly a problem in the Western world. For China, however, the consequences are vast. Schneider said the global star in the manufacturing business will now compete with countries with lower levels of income. "For instance, an American fashion retailer would rather choose a supplier from Mexico than from China mainly due to faster shipment and lower manufacturing costs," he explained.

Chinese society is changing, Schneider pointed out. With the rise of the internet and the aging of society, especially the younger generation is rethinking China's work ethics. Where in the past people lived to work, the Generation Y rather works to live. There is change in the minds of Chinese people similar to current Western thinking, where the aim is to find an occupation that leads to a fulfilled life instead of merely working to survive. ● CK

## KEY LEARNINGS

### EVA JURIC – APPLIED PSYCHOLOGY



**Tackling global challenges together**

Eva Juric  
Photo: CK

During the preparatory seminar, I noticed how interconnected the entire world is. Problems, which concern a particular country, can spill over to other nations. Therefore, the different countries with their own Know How's and competences have to share their knowledge and innovations to manage those challenges.

### FABIAN IFANGER – MECHANICAL ENGINEERING



**Knowledge as a Business Enabler**

Fabian Ifanger  
Photo: CK

During the Preparatory Seminar I realized that Chinese culture is very different to ours. To understand this and their behaviour is really important when doing business in China. Now I am looking forward to a great time in China with an amazing delegation.



SMITA PURUSHOTTMA, AMBASSADOR OF INDIA

# "I FEEL EXCITED ABOUT THE DIGITAL INDIA INITIATIVE"



[www.focusindia.ch](http://www.focusindia.ch)

○ Digital India is a flagship initiative of the Indian Government with the aim of transforming the country into a digitally empowered society and knowledge economy. With this program India sets itself apart as a pioneer country being highly engaged and seen as a paragon.

As the Ambassador of India, Smita Purushottma told the Focus India delegation, the program consists of three components: the creation of a digital infrastructure, the delivery of services digitally and digital literacy.

Digital India has nine pillars which have individual focuses and ideas and contribute to one vision. The nine pillars are: Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, e-Governance: Reforming Government through Technology, e-Kranti - Electronic Delivery of Services, Information for All, Electronics Manufacturing, IT for Jobs and Early Harvest Programmes.

An initiative which is contributing to the Digital India program and was mentioned by the Ambassador was the JAM Trinity. The term JAM stands

for Jan Dhan, Aadhaar and Mobile, whereby Jan Dhan and Aadhaar mean Bank Accounts and Unique ID. With the JAM Trinity the government linked three individual components with the aim of direct subsidy transfers without any intermediaries.

With the Jan Dhan scheme the government will bring its banking services to the unbanked population, meaning the poor people in the country. Aadhaar refers to the unique identification authority of India which aims to provide a biometric identity for every citizen of the country. The term Mobile denotes the aim to establish mobile banking on smartphones or mobiles. In short, the system will help India leapfrog the credit card economy and enable service payments with mobile phones.

"What is the greatest advantage of India? It is Human Resources," Ms Purushottma stated. If India wants to break out into a new direction the educational system in India has to adapt. The ambassador emphasized her interest into the school system of Switzerland and was keen about the practical learning during the vocational training or internships and would wish to integrate practical learning in India too. ● AH



Smita Purushottma, Ambassador of India and Prof. Pieter Perrett supervisor of the Focus India project. Photo: AH

## ACCENTURE PUTS DESIGN AT HEART OF CONSULTING

# IWWWIWI (I WANT WHAT I WANT WHEN I WANT IT)



[www.focusindia.ch](http://www.focusindia.ch)



The Accenture Team: Ms Marina Laube, Mr Andreas Volz and Mr Zohaib Burney. Photo: AH

○ To achieve excellent solutions “You always start with the person,” said Accenture's Digital Manager Marina Laube. Working together closely ensures the best possible outcome for all involved parties. To satisfy today's society attitude to digitalisation, the IWWWIWI (I want what I want when I want it), it is crucial to go through different steps to do so.

The aim of Accenture is to turn dreams into reality and to put design at the heart. For these reasons, they pursue the ‘Design Thinking Methodology’.

Design Thinking is a way of problem seeking and problem solving that allows us solve complex challenges. To do so, they follow five steps: Discover, Describe, Ideate Prototype (Ideate & Prototype), Test and Implement.

“Achieving more together” is the slogan of Accenture for its workforce. This also relates to their core consulting business for companies seeking digital solutions. Mr Andreas Volz, Senior Manager at Accenture, stressed “we are passionate about our clients, they are key to our business.”



Delegates order their thoughts in the “Design Thinking” approach. Photo: AH

Ms Laube enabled delegation members to actually experience what it means to steer one's thinking and to have a creative mind and took students and supervisors through an interactive exercise on Design Thinking. The result of the exercise was fascinating and for many delegates it was extremely inspiring how quickly so many different good ideas can be developed and how they approached to design their thoughts for the customer's needs.

Design Thinking is enhanced by moving away from a traditional approach and rather have a people-centric approach with experience, with collaborative and cross-functional teams, be iterative and agile. The approach should give the feeling of play instead of work.

● CH

## KEY LEARNINGS

### LARS MALLIEN – INTERNATIONAL MANAGEMENT



**Unique**

Lars Mallien  
Photo: AH

My personal highlight was the presentation by Mr. Jonathan Mansour of Schindler, who gave us an insight into how innovative solutions of corporations enhance efficiency or shape behaviour of their customers. It was not only an educational week but also significant for my further academic engagement in digital management. I'm eager to explore the companies on the on-site seminar in India.

### TAMARA STRICKER – BUSINESS ADMINISTRATION



**Inspired**

Tamara Stricker  
Photo: AH

I was highly impressed and fascinated by the enthusiasm and energy of Suki Dusanj. She gave us a personal insight into India's culture since she brought her own wedding dress and jewelry. Maybe we will be lucky and pop into a wedding in India. During this thrilling week, I got carried away with my thoughts and anticipation for the on-site trip.

## SULZER USES INNOVATION TO GROW IN INDIA

# ON BEING A COUNTRY OF COUNTRIES

 [www.focusindia.ch](http://www.focusindia.ch)

○ "Nothing could be more complex, than trying to speak of one India. It is not India it is Indias. It is a country of countries." This is how Mr Amol Thakare from Sulzer Chemtech AG describes his country of origin.

It is exactly the diversity of India as described by Thakare which makes it challenging to operate a business in this country. The plant of Sulzer in India is growing fast. They are following an innovative culture in product development in order to stay competitive.

### "WE KEEP OUR PEOPLE MOTIVATED BY INNOVATION"

People are essential for continuous innovation and research and development. Sulzer fosters a culture of innovation, in which new ideas are valued and employees can learn and excel. Since 2008 a multi-level innovation process has been implemented, which is known as the 'Stage-and-Gate Process'. The core approach is clearly defined across the group but it is broken down into more detail in each division. This concept is the precondition for more and even faster development of ideas (Sulzer Website).

Despite being innovative Sulzer is facing various challenges in India. These include the conditions of the infrastructure, the legal and regulatory environment, the education reforms, the research and development expenditures etc. However, to overcome these challenges, India offers key indicators to support its competitiveness: There are the favourable government policies, the ongoing digitalisation process "Digital India" and the young and skilled workforce that is entering the labour market. For Amol Thakare, India is clearly more than just a country that is driven by low cost: The people are goal oriented, ambitious, flexible and can multitask. Moreover, they are ready to sacrifice personal time when it comes to delivering the outcome and they have a 'never say die attitude'.

To attract foreign investors coming to India, the Prime Minister of India Narendra Modi launched a campaign called "Make in India". The campaign pursues the goal to minimize bureaucracy hurdles and simplify tax policies. Moreover, the government wants to invest in the skills of their human resources to create industrial parks and corridors. As Thakare mentioned, the government is well aware that every month a huge young and skilled workforce is entering the labour market. For all these people, a workplace needs to be provided where they can beneficially apply their knowledge and skills.



Amol Thakare from Sulzer talking about India's competitiveness. Photo: AH

India seems to be successful in pursuing these campaigns. In recent years it has emerged as one of the most attractive destinations not only for investments but also for doing business, evident by its significant jump by 12 places in Ease of Doing Business rankings between 2014 and 2015 (Source: Ease of Doing Business, World Bank). ● CH



Delegation Members during a group discussion. Photo: AH



# IMPRESSIONS



Photo: JW



Photo: VI



Photo: JW



Photo: JW



Photo: JW



Photo: MT



Photo: CK



Photo: CK



Photo: AH



Photo: CK



Photo: AH



Photo: AH



Photo: AH



Photo: JW

**“COMPANIES NEED TO CONSTANTLY DISRUPT THEMSELVES”**

# INNOVATION AS A DISCIPLINE



[www.connectus.ch](http://www.connectus.ch)



Harm Flik, consultant at Zühlke, spoke about how to be and stay innovative.  
Photo: JW

● A company becomes innovative if it considers the innovation process as a discipline, according to Harm Flik, a consultant for organizations on how to make use of digital and mobile technologies and innovative business models at Zühlke.

Harm Flik also presented the eight essentials for innovation which each company should cover (see box). Flik said it is important to focus on 2-3 essentials. Discovering should be a key focus. Therefore, there should be systemic scanning of opportunities from different viewpoints (e.g. customer, end-user, technology, organization). “Create value propositions for your company. A good example here is Unilever,” Flik said.

Essentials for innovation	Description
aspire	Think big and out-of-the-box
choose	Picking attitude towards choosing your battles
discover	Recognize and focus on true potential
evolve	Develop new business model for long-term growth
accelerate	Fast-paced customer obsession
scale	Fast rollout of new innovative stuff
extend	Tap into the potential of highly knowledgeable 3 <sup>rd</sup> parties
mobilize	Innovation is an integrated part of culture

Essentials for innovation (Flik, 2017)

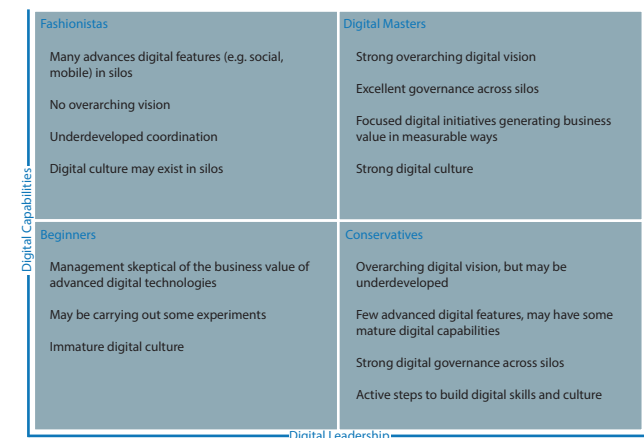
“Fast time-to-market for innovation,” recommended Flik when presenting the accelerate essential. “Establish a strong product and project management for this”. Companies should create interdisciplinary and cross-organizational teams as well as constantly assess the value-add to the customer like Amazon does.

Moreover, Flik put “extending” in the center. He believes that companies need to establish a culture of open innovation which allows external ideas. Strong collaboration with external parties such as universities can solve problems. P&G is an excellent example for this factor.

“In the end,” Flik said, “as an organization you need to be on top of your game, be active and try to constantly evolve who the organization is and where the organization is going. Think innovative, so, you will be competitive in the future.”

## DIGITAL MASTERY

To achieve sustainable growth, a company needs to be a digital master by having excellent digital capabilities and excellent digital leadership. How this system works can be seen in the chart below.



Digital Mastery (Flik, 2017)

“Digital Masters outperform their peers by 9% higher revenue from physical assets and a 26% higher profitability,” said Harm Flik. “So, the key to sustainable growth is becoming a Digital Master.” Excellent digital capabilities are identified by putting customer experience at the heart of the organization, transforming operations and including people, processes and technology as well as reinventing in business models.

Flik also presented key skills which enable companies to be and stay innovative: changing constantly, disrupting yourself, exploding exponential and mind setting matters as well. ● FG



# SWITZERLAND AS THE MOST INNOVATIVE COUNTRY!

[www.connectus.ch](http://www.connectus.ch)

○ You thought that the USA is the most innovative country in the world? Wrong – Switzerland was the most innovative country in 2016, followed by the USA. Dr. Fabian Schnell, a senior fellow and the head of the department “Smart Government” at Avenir Suisse discussed the reasons for Switzerland's high ranking.

- Competitiveness: Switzerland is the most competitive country before Singapore and the USA.
- Openness to trade: A significant amount of Switzerland's GDP is international trade. The Swiss not only benefit from trade – they are highly dependent on it.
- Openness to people: Switzerland is one of the most international countries with 25% foreign residents.
- Excellency in education: Switzerland has the most Top-500-Universities per one million inhabitants according to the WEF Innovation Index.
- Investment in research & development: Switzerland's R&D investments are mostly from private expenditures. This makes their knowledge creation highly efficient.

Schnell also presented the weaknesses of Switzerland regarding innovation:

- Little knowledge absorption: Swiss companies invest a lot more in foreign countries and, thus, create a lot of jobs, while only 10% of total employment in Switzerland can be traced back to foreign direct investments.
- Difficulty in getting venture capital: Start-ups struggle to find investors in their seed and start-up phases.
- Slow knowledge diffusion: Currently there are not a lot of spin-offs from our top universities.
- Less labour market flexibility: The labour market is less flexible than it used to be, and therefore, generates more structural unemployment.
- Lack of qualified workers: There is an increase in high education, but a decrease in mid-level education.
- Falling behind in ICT and E-Government: The market sophistication for ICT start-ups and E-Government solutions are lagging behind other economies.

● FG



Samuel Merki (left) and Andreas Gloor from the delegation were talking with Dr. Fabian Schnell from Avenir Suisse about the high ranking of Switzerland regarding innovation. Photo: JW

## KEY LEARNINGS

STEFANIE PETKOVA – INTERNATIONAL BUSINESS MANAGEMENT



"Innovation is everywhere!"

Stefanie Petkova  
Photo: JW

During the Preparatory Seminar, I learned that nowadays the topic of innovation is everywhere. Thanks to all the presentations and company visits, I got the chance to observe innovation from different points of view. Now, I feel fully prepared and am looking forward to the On-Site experience even more than I did before!

ANDREA FRANCESCO PETRELLI – BUSINESS ENGINEERING



"Have the courage to fail!"

Andrea Francesco Petrelli  
Photo: JW

The Preparatory Seminar was a perfect introduction for the On-Site Seminar. I learned many different and fascinating topics about how different companies define innovation and how they are able to achieve this. Moreover, the excursion to Google and the U.S. embassy was a good extension to the presentations during the week. I am looking forward to an informative and interesting trip in the USA.



# DIGITAL TRANSFORMATION DRIVES AUTOMATION SUCCESS

[www.connectus.ch](http://www.connectus.ch)



The whole delegation together with our supervisor, Dr. Anita Graf, and Thomas Neuhaus, the CEO of Autexis IT (middle). Photo: JW

Corporate culture, security, usability and technology are the key success factors of automatization. Autexis IT CEO, Thomas Neuhaus, believes that digital transformation has a major influence on market success.

Talking about automation and digitalization is, according to Thomas Neuhaus, not possible without using the buzzword "Industry 4.0". Industrial history began with the first industrial revolution which used water and steam power to mechanize production. In the second phase, electric power was implemented to create mass production. The third phase added in information technology to automate production. And now, Industry 4.0 is characterized by a fusion of technologies where the lines between the physical, digital and biological spheres have become meshed.

However, Neuhaus stressed that all new qualities and innovations bring some central challenges. With an incremental process, you should

increase your flexibility and efficiency to provide state of the art products under competitive conditions. This also means reducing delivery time and the time to market. Furthermore, companies should build cross enterprises and cross customer networks to benefit from each other.

"Getting a successful implementation, design thinking, scrum and continuous integration are important", said Neuhaus. "Also, a company needs the right people who introduce these changes in automatization. Integrate safely and be user-friendly."

Nevertheless, in the end innovation always means change, thus, the most important task when an innovation is implemented, is that everyone involved knows why and how the situation is changing. This is the most crucial part of implementing an innovation. Neuhaus believes that Industry 4.0 will change jobs and not destroy them. ● FG

## WINNING ELECTION CAMPAIGNS

Joseph Napolitan:

*"Decide what you are going to say, decide how and to whom you are going to say it and say it"*

Dr. Louis Perron, a political scientist and consultant who has advised politicians all over the world, believes that there are six steps for a successful election campaign. One: you have to start quite early. Two: money is always over-estimated – the meaning of a message is always under-estimated. Three: early surveys about the election are not that reliable. Four: invest a lot of money in media and PR. Five: be disciplined to win the election. Six: be fast and intensive with everything. ● FG



Dr. Louis Perron from Perron Campaigns on how to win an election campaign and what have been lessons learned from the U.S. presidential election. Photo: JW

# DISPARITIES CHALLENGE ASEAN ECONOMIES



[www.exploreadsean.ch](http://www.exploreadsean.ch)



Daniel Bont, exploreASEAN project team and supervisor. Photo: KB

© Economic disparity is one of the most prominent characteristics of ASEAN which means the individual countries face many challenges in the process of economic development and integration. Manfred Rist, NZZ correspondent for South East Asia, however, also believed that the success stories in the development process of ASEAN members such as Vietnam sets a good example for others to follow and speed up their own progress. When the term ASEAN is mentioned, it needs to be used with careful consideration due to the significant diversity of the market region.

"For instance, there is the problem of massive flows of economic refugees among nations due to large development gaps among the respective countries," Rist explained. Tensions concerning the increase in immigration are becoming inevitable within and among states.

With a variety of cultures in the region, ASEAN countries share one common goal of development. Hence, while culture diversity might be an obstacle for economic development, Rist believes that this diversity does not pose the biggest threat for this process. The diversity in the

levels of economic development poses both opportunities and threats for ASEAN as a market region, as Daniel Bont, Senior Consultant with Switzerland Global Enterprise, pointed out.

**"Inter-trade among countries has been accelerated with a lot of growth observed in the last decades".**

Bont shared his view on the diversity of ASEAN and its impact particularly on trade. At the same time, it is possible that some under-developed countries may suffer due to more unfavourable flows of products from other markets, which might encourage the use of undesirable trade barriers. "While ASEAN has its diversity with its pros and cons, China has the advantage of being one large single market", as Bont drew an interesting comparison among the two emerging markets. The huge disparity within individual countries in ASEAN further differentiates the two market regions. Additionally, infrastructure differences among ASEAN countries add more complications when compared to that of China.



## MANUFACTURING REGION WITH GROWING PURCHASING POWER

The emerging markets of ASEAN are often referred to as manufacturing regions with the main players being Vietnam, Indonesia and Cambodia. Yet, many parts of the region have been observed as having increased levels of consumption.

**"The emerging middle class is now a big story in many South East Asia states,"** Rist claimed.

He emphasized that Malaysia, Indonesia and Singapore are "striking examples" of having a strong increase in a middle class population with growing purchasing power as well as rising levels of education and consumer awareness. Considering ASEAN's young and growing population, one can easily foresee the promising customer base of this market in the near future.

"If only a few percent of the Indonesian population can afford Swiss products, we easily talk about a potential customer base which is bigger than entire Switzerland," Bont explained. Having a lower production cost and being closer to customers is another benefit of operating and serving ASEAN customers, according to Bont. However, it is essential that a company critically selects markets based on its own criteria when making a move to ASEAN due to the diverse nature of the market. ASEAN is "on the map for some companies but it really depends on the company, product and customer base they have. It is difficult to pin point a certain trend among many reasons to go to ASEAN," Bont insisted. ● MN & KB



Ho Chi Minh City streets. Photo: exploreASEAN



Delegation members during the workshop on ASEAN market entries. Photo: KB

## KEY LEARNINGS

JESSICA BRUHIN – INTERNATIONAL MANAGEMENT



**Vibrant region**

Jessica Bruhin

Photo: KB

The countries in ASEAN are a new and unknown world to me. The information gained at the preparatory seminar made me even more excited to actually go to ASEAN and experience this vibrant region for myself.

VIVIAN EIDO – INTERNATIONAL MANAGEMENT



**First-hand insights**

Vivian Eido

Photo: KB

The preparatory seminar allowed us to gain first-hand insights into the rapidly emerging ASEAN region. The mixture between guest speakers from the visiting delegation and experienced business people offered us the unique opportunity to deepen our knowledge concerning the Southeast Asian business environment.



HENDRA HALIM, INDONESIAN MINISTER COUNSELLOR, EXPLAINS

# WHY INDONESIA WILL BE 5<sup>TH</sup> LARGEST ECONOMY BY 2030

[www.exploreasean.ch](http://www.exploreasean.ch)

Jakarta City Panorama. Photo: exploreASEAN

© Indonesia is working towards transforming the country into the 5th largest economy in the world by 2030, Hendra Halim, Minister Counsellor of Indonesia, told the delegation. Halim referred to a 2015 PwC report which predicts that the Indonesian gross domestic product at Purchasing Power Parity (PPP) will climb from 9th place in 2014 to 5th place by 2030.

The minister added that along with the fast-growing economy, Indonesia's middle class is expected to increase from 74 million to almost 150 million by 2020 according to the UK government. Furthermore, the increase in human capital as well as the increment in PPP, will lead to a higher level of domestic consumption which eventually leads to market growth, Halim explained. Thus, considering these drivers, demand is expected to increase in various areas including infrastructure, manufacturing, consumer goods and information technology.

## MOST IMPORTANT PARTNER IN EUROPE

The relationship between Switzerland and Indonesia has existed since 1952, and there is still much potential for Swiss investments in Indonesia. From Halim's perspective, Switzerland is the most important partner in Europe. Swiss foreign direct investment in Indonesia is at a volume of inflows which amounts to 9.48 billion and thus Switzerland was ranked at position 15 of all investing countries during the years 2011-2016, which

is another indicator for the potential for investment. The FDI portion to ASEAN in 2016 suggests that Indonesia is at 3rd place with a percentage of 17.9, following Vietnam and Malaysia.

## AEC PROTECTS ASEAN MEMBERS

By having the ASEAN Economic Community (AEC), the process of facing external factors impacting ASEAN member states is made smoother. The AEC not only defends the economies from outside determinants and strengthens the economic performance within these countries, but also increases solidarity.

For Indonesia as the largest member state, the ASEAN community creates opportunities in Indonesia for local business people, which enables competition among the Indonesian population. This is especially true for the SMEs which, at this stage, are more vulnerable in the ASEAN community, as according an article from business inquirer, those SMEs are facing the challenge of surviving when expanding to neighbour countries. Therefore, AEC has been working on helping local communities and SME's to be both open and increase resilience to market fluctuations. ● MN

# COMPANY VISITS



connectUS at the Google campus in Zurich. Photo: JW



Focus India at the Postfinance Lab in Berne. Photo: AH



connectUS at the the U.S. Embassy in Berne. Photo: U.S. Embassy



exploreASEAN at the Blaser headquarters. Photo: MN



exploreASEAN at Straumann. Photo: MN



Insight China delegation during the visit at Brugg Cables. Photo: VI



Tobias Marti enjoyed the visit at Brugg Cables. Photo: VI



Focus India at the Postfinance Lab. Photo: AH



Focus India's Delegation listening to how PostFinance innovates. Photo: AH



exploreASEAN delegation at the Blaser headquarters. Photo: KB



# WE THANK OUR SUPERB PARTNERS

Without them, the realisation of these projects would not have been possible. Thank you!

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