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ZUG
The Swiss Leader
Dear Readers,

Despite the global financial crisis that continues to haunt countries, particularly in Europe, most nations in Asia are enjoying an economic upswing. Growth momentum in Asia was solid at the end of 2012 and Asian economies are so far well supported by increased confidence and domestic spending with the rise of the middle class and intra-regional trade.

In order to continue robust economic growth in the region, innovation has been much discussed in recent years. Many economists argue that capability to innovate and to bring innovation successfully to the market is one of the key factors in sustaining global competitiveness.

Following the main topic in the last issue of our journal, the rise of the Asian consumer, this issue focuses on innovation. We discovered and learned about the dynamism of the current Asian consumer market in the last issue. Based on the evolution of the Asian consumer market, we discuss innovation development in Asia and eventually explore how to utilize innovation as the new driver of growth in this issue.

Thanks to various kind contributions from our member corporations, governmental bodies and academia, this issue has turned out to be very pragmatic and analytical at the same time. In the main theme section, innovation is discussed, while Singapore Airlines, representing the Asian companies, introduces its recent innovations in order to provide the very best services to its customers, and Trüb exhibits its leading Swiss technologies in physical and electronic identification solutions. Further to these company stories, professors from the University of St Gallen and IMD discuss how to manage innovation and turn innovation into growth.

In addition to corporate innovation, as a successful story of social innovation, we happily introduce a social enterprise, Akha Ama Coffee, established by a young Thai entrepreneur.

We also report on globalization of Swiss SMEs, with the special contributions from professors from University of Fribourg and University of St. Gallen.

As for our activities in the first quarter, we would like to highlight the importance for the Chamber to participate in networking events at the World Economic Forum in Davos offered by several member countries as well as our participation in a high caliber roundtable with the President of the World Economic Forum in Davos.

Besides that, we are currently incubating many new event projects and are excited to invite all our members, organizations and individuals that are interested in developing their business in Asia.

We hope you enjoy reading this issue and find it interesting and helpful.

Yours sincerely,

Dr. Daniel Brunner
Co-Chairman Philippine Committee
Swiss-Asian Chamber of Commerce
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Asia is the most dynamic region of the global economy. The region’s rapid economic growth has been driven by its capacity as the production center of the world. The strong economy was largely supported by low-cost, labor-intensive manufacturing in the past, absorbing and adapting global knowledge and technologies.

Clearly, Asia is no longer merely a place to get cheap labor and mass-production factories. It is becoming a significant player in innovation, although the region has been often considered as a copycat before. Now Asia can compete on much more than price.

**Definition of Innovation**

Innovation is hard to define and also even more difficult to measure. Innovation, in economic terms, is an improvement that makes something better or more valuable.

An innovation can be new to the world, or new to a market. According to INSEAD, the French Business School, one of the contributors to the Global Innovation Index (GII), innovation is the implementation of a new or significantly improved product, a new process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. Innovation also occurs when a firm introduces a product or process to a country for the first time. Moreover it occurs when the initial firm or follower firms make improvements and adaptations to improve a product or process, leading to increased productivity.

These days, non-technological innovations are becoming more important, for example, new organizational forms, new marketing approaches and social innovation.

It is not only the business sector that innovates, but also the public sector and civil society organizations are becoming more and more innovative. The key to innovation in the non-business sector is an ecosystem that transforms an idea into something really useful and meaningful.

Innovation can be seen in the form of major breakthrough or disruptive innovation, or incremental innovation, or creative innovation. Recently, an "open innovation" approach is becoming increasingly common, based on partnerships among industries, companies, national and regional governments, and research organizations and academia. However, the most important point of innovation is to improve productivity and competitiveness, solve global challenges such as climate change or infectious diseases, and raise the living standards of people.

**Leading Countries in Innovation Performance**

INSEAD has developed an index in order to explore innovation issues. The Global Innovation Index (GII) is an annual publication which features, among others, a composite indicator that ranks countries/economies in terms of their enabling environment to innovation and their innovation outputs.

According to GII in 2012, Switzerland tops the Global Innovation Index league table of 125 countries, followed by Sweden, Singapore, Hong Kong, Finland, Denmark, the US, Canada, Netherlands and the UK. Korea is at 16th, ahead of Japan at 20th. Singapore and Hong Kong lead the Asian countries.

Interestingly, China is ranked 29th, ahead of countries with higher levels of GDP per capita like Malaysia (31st), and Thailand (48th). China is the only developing country in the top 30. Vietnam (51st), like China, has a high ranking relative to its GDP per capita. Despite its success in frugal innovation, India is only ranked at 62nd. Asia’s weaker performers are Mongolia (68th),...
Brunei (75th), the Philippines (91st), Bangladesh (97th), Indonesia (99th), Pakistan (105th) and Cambodia (111th).

The index shows that both China and India have weaknesses in their innovation infrastructure and environment.

Complementing the overall GII ranking, INSEAD reported the Global Innovation Efficiency Index. It shows which countries are best at transforming given innovation inputs into outstanding outputs.

Countries which are strong in producing innovation outputs despite a weaker innovation environment and innovation inputs are poised to rank high in this “efficiency” index.

In the Global Innovation Efficiency Index, China and India lead the top 10 league of countries. Korea is at 8th, ahead of other peripheral Asian countries. Hong Kong is 27th and Singapore is the 36th.

What Will Drive Future Innovation in Asia?

Innovation is key to productivity growth once an economy has sustained a basic level of manufacturing output based on low-cost labor and capital. Therefore, most economies in Asia need to continue to evolve through innovation in order to keep or increase their competitiveness.

In a sense, Asian economies have already experienced this innovation. Japan went through the domestic technological innovations and the exporting of technology abroad. These innovations in Japan increased the country’s competitiveness in the 1960s and 1970s. Other Asian developed countries such as Korea, Taiwan, Hong Kong and Singapore transformed foreign technologies and built infrastructure and continuously improved their efficiency and profitability. These innovations have raised their economic growth significantly for the last few decades and helped enormously to improve their competitiveness and standards of living.

Today, many Asian countries are seeking to increase their technological innovation in order to sustain continuing economic growth. It is essential for these countries to increase innovation to go on to the next stage of development.

Consequently, growth in research and development (R&D) spending globally has been vigorous. An ever-larger group of governments is making innovation a national priority. At the same time, private R&D investment is also increasing in Asia. Multinational corporations especially are making large investments in R&D in low-cost emerging countries such as China and India.

A current trend, as discussed in the last issue of the SACC journal (3/2013), is that the rising middle class in Asia is leading innovations to meet their needs. An OECD study projects that spending by the middle class in Asia grew to approximately $4.9 trillion in 2010 and is expected to increase to more than $30 trillion in 2020. The latter figure corresponds to roughly 60 percent of global middle class spending. The sheer size, growing purchasing power and growing needs of these markets will strongly influence the innovative direction of various industries. As Asia gets richer, domestic consumers will mainly drive the markets.

Relating to the trend of the rising middle class, many economists indicate that a large number of multinational corporations are shifting to localization in order to live up to the expectation of the diversified Asian middle class. In other words, the corporations develop products or services to adapt regionally. As mentioned in the article of this issue, “Driving Innovation to the Next Level”, this trend is typically called “Reverse Innovation”.

As a result, consumers in the Asian developing countries are benefiting from new products or services that fit their needs better. Those Asian markets are not only satisfying their needs but are also creating more jobs and improving living standards. At the same time, these developing countries are obliged to actively strengthen their innovation ecosystems by improving education systems to maintain the high level of talent, introducing invention friendly laws, particularly that protect intellectual property and make corporate governance more efficient.

Following the development of the Asian economies, Asian companies are surely becoming more than simple copycats. It is obvious that active technological transfer continues to happen in the region. However, it is clear that Asian companies are becoming innovative and likely more so with growing local markets. Corporations in the western developed countries cannot be ignorant about the fact that Asia is becoming a key player in global innovation.

By Nanami Perrig
Swiss-Asian Chamber of Commerce
A Pioneer in Providing Identity to Individuals & Nations

Identity documents have the purpose of proving and protecting the identity of each individual. Inversely, they have a strong influence on the identification of the citizens with their nation. Governmental authorities can take the unique opportunity to display the national values, the culture and the image of their country when designing identity documents for their citizens.

Trüb is a worldwide leading supplier of physical and electronic identification solutions. In close cooperation with governmental authorities and ministries the company develops concepts, solutions and products which satisfy the most exacting demands and international standards in terms of security, functionality and quality, with the aim of providing secure identities to nations and its citizens.

Pioneer of polycarbonate identity documents

In 1995, the Swiss government unveiled a worldwide novelty: the first identity card in credit card format made of polycarbonate. This innovative product was developed by Trüb in close cooperation with the Swiss authorities. It represented not only a pioneering innovation on a global scale, but also marked a considerable milestone in the long history of Trüb.

Since then, Trüb has become one of the top manufacturers of polycarbonate identity and travel documents. In 2005, Trüb launched the polycarbonate datapage for passports which also sets standards in terms of quality and security. Today, the product portfolio comprises datapages for passports, identity cards, residence permits, driving licences, crew member certificates, vehicle registration cards and tachograph cards.

Polycarbonate identity documents from Trüb meet the highest demands of security and quality. Identity cards and datapages fully comply with the corresponding ISO and ICAO standards and are designed for a lifespan of 10 years. The documents are made of fused polycarbonate films which are laminated without the use of adhesives. Optical personalization in high quality is performed by means of laser engraving.
Innovative nations cooperate with Trüb

Joint forces of innovative mentalities cannot fail. Trüb has a long tradition of developing and designing new solutions and implementing customized concepts in close cooperation with governmental authorities and their local partners.

In 2003, Hong Kong and Estonia both became the world’s leading countries in electronic identity card solutions. In Estonia, citizens can today benefit from more than 700 governmental and commercial e-services, from yearly electronic tax declarations to the registration of a start-up company within a few minutes.

Ten years after these first movers, governments worldwide recognise the potential of a nationwide infrastructure for e-solutions and its benefits for the country and the citizens.

Trüb is convinced that such comprehensive e-solutions give a considerable boost to the diffusion of information technologies in a country and increase the competence of the population in respect to IT, high tech and innovation. The result is an essential development of the economy and the society of a nation.

From Switzerland to the world

Identity and travel documents from Trüb are today used in more than 34 countries.

Trüb supplies polycarbonate datapages to 11 countries, identity cards and driving licences to 20 countries and tachograph cards to 13 countries.

Since the introduction of the e-ID in Hong Kong in the year 2003, Trüb has continuously expanded its presence in the Asian region, supplying for instance datapages for passports to Hong Kong and Macao. Trüb will soon announce the deployment of tailor-made and comprehensive e-solutions in other countries.

A wide range of security elements

Security has been part of the day-to-day business of Trüb for more than 100 years. The company began in 1892 with the security printing of value papers (shares, bonds, etc.). Expertise and know-how have grown and evolved ever since. Innovation in security is a core competence of Trüb. Trüb offers a comprehensive and innovative portfolio of security elements and solutions for cards and identity documents. Trüb was, incidentally, one of the first companies in the world to be certified for Secure Printing, and holds a variety of certificates which are continuously renewed and expanded.

Innovations from Trüb in security features set regularly high standards: for example, the highly robust yet flexible hinge with integrated ‘VisiFab™’ UV printing element, developed and patented by Trüb, for sewing the datapage into the passport booklet.

A further example is ‘tru/vision™’, a security element offering high resolution true-color UV images with high brilliance and outstanding color reproduction. It provides new design possibilities and protects the document against duplication and reproduction.

‘tru/window™ LOCK’ is another security element which attracted considerable attention at its launch. This feature offers a new dimension in protection of the card holder portrait against manipulation after issue. The technology is based on a sophisticated laser ablation personalization process on a metallic foil, which is integrated into a transparent window. A ghost image is laser personalized into the metal foil so that a simultaneous manipulation of the card holder portrait and ghost image after the document is issued will leave visible traces. Hence, a fraudulent manipulation of the card holder portrait can easily be detected.

Full service offering for governments

Trüb covers all services, production processes and technologies related to...
physical and digital identity solutions. Consultancy and conceptual design, chip and antenna solutions, design and production of cards and documents, personalization, lettershop and shipment to the end customers are fulfilled at first hand. Software and applications for digital solutions are developed and implemented in close cooperation with customers. For the realization of local personalization centres Trüb has developed the application ‘Track Star’, an identity management and personalization software solution.

154 years of tradition and innovation

Established in 1859 as a classical printing company, the foundations of Trüb are tradition and innovation. Today, the group embraces a number of European companies which are among the leading solution providers in their respective sphere of competence. The Trüb Group’s product portfolio extends to national travel and identity documents (Governmental solutions), card solutions for cashless payment (Banking solutions) and solutions for physical and logical access (Access solutions). The Trüb Group generated a turnover of over CHF 100 million in 2011, and employs a staff of 406, including 327 in Switzerland.

Through its products and solutions used in 74 countries, the Trüb Group is present on a worldwide scale. Millions of people use Trüb identity documents, smart cards and identity solutions – on travel, for payment transactions, at work or on public transport.

State governments, financial institutions, health systems, public transport organizations and private businesses worldwide place their trust in the Swiss values of Trüb: innovativeness, security, reliability and customer orientation.

By Stephan Lips, Trüb AG, Head of Corporate Communication
Singapore Airlines Business Class
Journals

Cruising at 889km/h...

...makes me realise that things should be taken slow, so I sit back in my spacious, leather seat. Just as my eyelids begin to fall, a fully flat bed, complete with soft sheets and a lush duvet, becomes my restful haven. I'm awakened by the stimulating aroma of gourmet coffee – the perfect accompaniment to breakfast, served at 3:25am as I've requested. In the comfort of my seat, I savour every bite.
Singapore Airlines: Innovation Makes Flying the Most Memorable Experience

Since its establishment in 1972, Singapore Airlines has come a long way, evolving from a regional airline to one of the most respected travel brands in the world. Singapore Airlines has earned a reputation as an innovative market leader and industry challenger. Apart from the fact that Singapore Airlines has always been first in line to take delivery of new aircraft types such as the Boeing 747 jumbo jets, Boeing 777, and the A380, the list of industry-leading innovations by Singapore Airlines includes being the first to introduce hot meals, free alcoholic and non-alcoholic beverages, satellite-based inflight telephones, towels with a unique and patented scent, personal entertainment systems and free headsets, and video-on-demand in all cabins. But let’s start from the beginning.

Singapore Airlines’ history can be traced back to 1 May 1947, when a Malayan Airways Limited (MAL) Airspeed Consul took off from Singapore Kallang Airport on the first of three scheduled flights a week to Kuala Lumpur, Ipoh and Penang. Inflight refreshments improved from the original thermos flask of iced water to sandwiches, biscuits and cold cuts plus a choice of hot and cold drinks, and alcoholic beverages served by a lone hostess. Known as “female pursers”, these hostesses are the forerunners of today’s Singapore Girl. More new aircraft were added to the fleet in the 1950s and 1960s, the period leading up to the jet age. On 16 September 1963, the Federation of Malaysia was born and the Airline became known as Malaysian Airways Limited. In May 1966, it became Malaysia-Singapore Airlines (MSA).

The 1970s got underway with a bang: on 2 June 1971, MSA’s first transcontinental flight took off for London. In 1972, MSA split up to become two new entities – Singapore Airlines and Malaysian Airline System (MAS). The rest of the decade was
On 15 October 2007, Singapore Airlines took delivery of the world's first A380 at the Airbus Headquarters in Toulouse. Singapore Airlines were the first to fly the A380 from Singapore to Sydney on 25 October 2007. The route Singapore to Zurich back to Singapore has been operated by the A380 since 28 March 2010. Since September 2011, a fully business class upper-deck A380 with 86 Business Class seats operates on the Singapore-Zurich route, departing daily at 11.45am from Zurich airport and arriving at 05.55am local time Singapore.

On 1 April 2000, Singapore Airlines joined the Star Alliance network as part of its globalization strategy and continual commitment to offer its customers improved services and benefits, including "seamless" air travel worldwide. The Singapore Airlines route network now extends across 192 destinations in 49 countries, including those served by Singapore Airlines Cargo, regional airline subsidiary Silk Air, and codeshare partners.

Thanks to a bold aircraft acquisition strategy, Singapore Airlines now operates a modern fleet and is continuously reinforcing its commitment to fleet upgrading and expansion by placing a series of orders for a range of next generation aircraft. Currently, the Singapore Airline fleet comprises more than 100 aircrafts, and a further 68 aircrafts are on order, among them 40 Airbus A350 XWB-900, 20 of them due for delivery from 2014.

Travel experience

Excellence in customer service has been integral to Singapore Airlines’ success. Superb inflight service is the cornerstone of its reputation for customer service and hospitality. Singapore Airlines’ customer service standards are symbolised by the gracious "Singapore Girl". In her distinctive uniform, a sarong kebaya in batik material designed by Parisian couturier Pierre Balmain, she epitomises Singapore Airlines’ tradition of friendly service and Asian hospitality. The Singapore Girl was created in 1972 and has been a leading figure in Singapore Airlines’ international marketing and advertising campaigns ever since. The Singapore Girl has become a global marketing icon, one of the airline industry’s most instantly-recognised figures with an almost mythical status. In 1993, she became the first commercial figure ever to be displayed at Madame Tussaud’s, the world-famous waxwork museum in London. According to Madame Tussaud’s, she was selected “to reflect the ever-growing popularity of international travel”. Singapore Airlines also runs one of the most comprehensive and rigorous training programs for cabin and flight crew in the industry. On joining Singapore Airlines, Singapore Girls undergo 17 weeks of training, followed by a series of refresher and product-specific courses throughout their careers.

The fleet of the A380 is configured with the award-winning Singapore Airlines...
cabin product. Furthermore, the A380 uniquely features the Singapore Airlines Suites. Beyond the luxury of First Class, the Singapore Airlines Suites on board is in a league of its own in terms of privacy, luxury and personal space. The Singapore Airlines Suites have been designed and manufactured by leading French designers. The seat in each Singapore Airlines Suite is almost a meter wide and is fully adjustable with an easy-to-use seat control panel to accommodate a variety of sitting and lounging positions. When the Suites’ guest is about to rest, the cabin crew prepare a full-size bed with a plush mattress. A lavish duvet and cushions, designed by French fashion house Givenchy, furnish the Suite. The bed itself is designed separately from the Suite; the bed does not convert from the seat. Using separate sleeping and sitting units, the intelligent design of the full flat bed offers guests the choice to rest in their preferred sleeping positions but also allows them to sit and lounge in bed to read or watch a movie on the 58 cm (23 inch) LCD screen. For travelling couples the beds in the two suites in the middle of the cabin can be converted into an optional double bed.

The Singapore Airlines Business Class seat on the A380 is the widest in the world, measuring 86 centimetres (34 inches) in width. The Business Class seats can be transformed into a comfortable full-flat bed for a restful sleep. The innovative design of the bed enhances sleeping comfort but also allows customers to lounge in bed to watch TV or eat. Seats in the Business Class cabin are arranged in a forward facing configuration that offers all customers direct access to the aisle. The fixed back shell on every seat can be extended to the sides for greater personal privacy. Other features include a 40 cm (15.4 inch) LCD screen fully equipped with USB ports and in-seat power, exclusively designed bedding and dining table by Givenchy, an enlarged dining table that is height-adjustable, as well as trolley bag stowage under the seat.

Whether travelling Suites, First Class, Business Class or Economy Class, Singapore Airlines customers can expect to enjoy a culinary feast for both the eyes and the palate. Singapore Airlines’ World Gourmet Cuisine boasts a selection of exclusive and tantalising signature dishes, especially designed to delight even the most delicate taste. In September 1998, Singapore Airlines set up the International Culinary Panel, ICP, comprising nine award-winning chefs (Alfred Portale, Georges Blanc, Matthew Moran, Sam Leong, Sanjeev Kapoor, Suzanne Goin, Carlo Cracco, Yoshihiro Murata, Zhu Jun) from the culinary capitals of the world. The Panel works closely with the Airline’s own chefs to create the unique selection that is available on board. A selection of the finest wines handpicked for Singapore Airlines by a panel of renowned wine consultants complements Singapore Airlines’ World Gourmet Cuisine. First Class and Business Class guests can pre-select and-order their favourite dish from the highly successful Book the Cook where a selection of local and international delicacies can be ordered 24 hours before flight departure time when travelling from appointed destinations.

**Off to the next generation**

Each innovation has a relatively short life span. Thus it is crucial to continuously invest heavily in innovation and technology as an integrated part of the business strategy. In 2012, Singapore Airlines appointed two world-renowned design firms - BMW Group subsidiary DesignworksUSA, and UK and Singapore-based James Park Associates (JPA) – to help develop the next generation of in-flight cabin products that will be introduced from the second half of this year. The appointment of the international design consultants is in line with Singapore Airlines’ intention to remain at the forefront of airline product innovation, with the world’s best in-flight products in all classes of travel. Revamped seats and cabin interiors, as well as the latest generation of in-flight entertainment offerings, will be introduced progressively, starting on new Boeing 777-300ERs that will enter
service from the latter half of 2013. DesignworksUSA is helping to enhance the First Class seat and cabin environment for new B777-300ERs that will be entering service from the second half of 2013. From studios in Los Angeles, Singapore, Munich and Shanghai, work is currently underway to help further distinguish the Airline’s First Class from the competition and provide customers with a unique premium feel and experience, complementing the personalized service from our cabin crew. In addition to cabin ambience improvements, a revamped seat will feature more privacy and personal stowage space, and improved seating comfort. JPA, which has worked with SIA on earlier seat programmes, is also working with the Airline on a new generation Business Class seat. It promises to offer improved comfort in both seating and sleeping positions, and more stowage space to cater to the changing needs of business travelers.

Entertainment

Singapore Airlines has always been a leader in providing the best in-flight entertainment to its customers, but needs to constantly innovate to stay ahead of the competition. Therefore, new in-flight entertainment & connectivity offerings and enhanced cabin lighting will also be progressively introduced to ensure that Singapore Airlines builds upon its leadership position and longstanding status as one of the world’s most innovative airlines. In 2012, Singapore Airlines signed a major agreement with Panasonic Avionics for advanced in-flight entertainment and communications systems for more than 40 new aircraft on order with Airbus and Boeing.

Singapore Airlines will be the launch customer for Panasonic Avionics’ next generation eX3 system for the A350s, as well as the first to deliver eX3 features on the B777-300ERs. In addition, SIA’s eX3 system will be the first to offer Panasonic’s Global Communications Suite on the A350s, which has the capability to provide broadband Internet services to passenger devices and the seat-back, mobile phone services, as well as a global live television service. The eX3 is Panasonic’s most advanced IFEC system, and will offer the latest video screen technology and touch-screen handsets in all classes of travel, powering the Airline’s award-winning KrisWorld entertainment system. Customers will experience higher levels of personalization with KrisWorld providing intelligent content recommendations based on passenger ratings and preferences. Customers can expect the latest games and applications, an e-Library containing newspapers and magazines, social networking functions, as well as an innovative new touch-screen graphical user interface.

Throughout the years, Singapore Airlines has consequently lived up to its brand attributes: Innovation, best technology, quality products and excellent customer service. Singapore Airlines always strives to deliver the best travel experience to its customers, maintaining consistency in service excellence that at the same time meets the need of every individual customer. As Singapore Airlines’ claim states: a great way to fly.
Today, generating innovation is a decisive competitive factor. In the past, it was sufficient for a business to find a promising niche or an attractive growth sector prior to any competitor (Gärtner, 2011). Nowadays, moving targets dominate the order of the business. Whoever wants to be successful in saturated or fast emerging markets will not succeed without a strong capacity for innovation. A true competitive edge is only gained by innovating professionally and identifying market potential. Action instead of reaction is the key to success (Gassmann, 2009).

The interplay of influencing factors correlating with innovation ability is highly complex. There is no simple recipe. The capacity to continually generate innovation lies on the foundation of structural and cultural preconditions, but also on the planning and operational competence of individual employees. If nothing else, people with all their creative ideas but also their wishes and needs are at the centre of the concept of innovation.

### The creative part of innovation processes

Against the background of demographic change and the increasingly apparent skills shortage, a new change - learning and innovation-oriented corporate culture - is taking precedence. Recently, participative approaches to foster the capacity for innovation in businesses emerged and established themselves. At their centre is the intention to tap into the knowledge potential and creativity of all employees within the organisation and to enhance it with external knowledge. With these thoughts in mind, the St.Gallen Innovation Centre IZSG-FHS has developed an approach which divides the creative part of the innovation process into four distinct phases: probotyping, provotyping, prototyping, and presentyping (see image 1).

The difference between invention and innovation is that the latter is being developed until marketability and commercial launch. The way leading up to this is cumbersome with many hurdles to be tackled: specialists from different fields of expertise have to be enthused, decision makers have to be convinced and complex correlations have to be made comprehensible. In practice, many inventions fail to meet these challenges and never become innovations. Against this background, it is crucial for innovation managers to know as soon and as reliably as possible where to invest their limited resources. Traversing iteratively the four phases helps to foster this decision reliability:

1. Innovation processes do not start with the immediate discovery of ideas or even solutions, but with understanding and framing the problem. In the
The prototyping phase current and potential challenges are being addressed employing different inspiration and irritation methods, like trend analysis and scenario technique. In particular, examining societal trends provide fertile soil for developing creative ideas. A trend is not understood as a temporary fad but as an underlying force that shapes and influences markets, businesses and products. They correspond to currents in societal changes and reflect the shifting needs of society (Horx, 2009).

2. The aim of the prototyping phase is to generate as many distinct ideas as possible. Co-located idea storming workshops, where participants systematically develop idea fragments using various creativity techniques, lend themselves to that end. In addition, forms of virtual collaboration like crowd sourcing can be used to tap into the creative potential of a larger group and to broaden the scope of possible ideas.

3. Using specific methods, the large quantity of ideas gathered are condensed to identify the most promising ones. In the prototyping phase the first prototypes are produced to meet that goal. These might take the different forms from early, preliminary visualisations to physical mock-ups. Using prototypes as a means of concretion allows us to gain a comprehensible view about a specific idea and to filter out inconsistent or imperfect ideas.

4. Finally, the selected ideas have to be sold to the right people. Therefore visualisations and concepts of storytelling are being developed around the chosen idea in the presentyping phase. Appealing visualisations and tantalising stories enable us not only to convey abstract concepts and ideas, but also to entrap the audience’s attention. They foster a comprehensible discussion about the logic of the commercial success of the future innovation. In doing so, they provide a powerful tool to develop and test at a very early stage of the innovation process.

An iterative walk through these phases promises to develop – in a systematic and sustainable way - creative ideas and informed decisions. The scientific foundation of these phases is found in the insights from the field of Design Thinking or Design-driven Innovation Development. This approach is based upon the assumption that problems can be solved better when people from different fields of expertise collaboratively frame the underlying problem, identify the needs and motivation of a targeted group of people and, based upon these insights, develop concepts which are subjected to constant testing (Brown, 2006).

Innovation in research, education and consulting

The St.Gallen Innovation Centre IZSG-FHS was established six years ago to institutionally anchor innovation at the FHS University of Applied Sciences St.Gallen. The centre focuses the university’s capacities in the innovation domain and helps businesses and organisations to identify and develop product-service systems and business model innovations. In collaboration with practice, different approaches and methods from the fields of collaboration, idea management, simulation, and design are being employed to develop new ideas or gain new perspectives on existing solutions.

The range of activity of innovation managers is manifold. As pioneers, they clear the arduous path for ideas leading up to the commercial launch by connecting different departments, leading processes and specialist teams. They build bridges between engineers and business economists, between clients and developers, and inventors and decision makers. As lead and lateral thinkers, innovation managers help shaping the future of their businesses.

Innovation management be understood as a discipline of its own, but also as a horizontal competency of project leaders, developers, designers and marketing specialists. Particularly in SMEs, project leaders take on the role of innovation managers. The methods and tools of innovation management enhance and deepen the existing
capacities of the project leaders and thus enable SMEs to introduce and conduct successful innovation processes.

Image 2: Design Thinking applied in the MAS Corporate Innovation Management programme.

The St. Gallen Innovation Centre IZSG-FHS lives, breathes and teaches the many facets of the craft of innovation management. In education, bachelor students as well as further education students in the MAS in Corporate Innovation Management benefit from the centre's specialist lectures. The modular structure of the MAS programme allows students to design their own learning path along their individual talents, interests and skills. As core innovation methodology, all modules build upon the Design Thinking approach. Workshop and studio work guarantees a high relevance for and easy transferability into practice. The focus of the imparted craft of innovation management is to give students the ability to lead innovation projects and to comprehensibly understand the nature of innovation itself.

For more information about the Master of Advanced Studies programme please visit: http://www.fhsg.ch/mas-cinm

Literature


Authors
Prof. Schmid and Prof. Utz conjointly lead the St. Gallen Innovation Centre IZSG-FHS at the FHS University of Applied Sciences St. Gallen. With their team, they investigate science-based approaches and methods to foster innovation capacity and decision reliability for SME in search of product-service systems and business model innovation. The insights gained from their applied research are being put into practice by means of various consulting offerings and educational contents.
The entrepreneurial spirit knows no borders.

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We will not rest

UBS
Driving Innovation to Next Level

Looking Beyond Growth Through Acquisition in Emerging Markets

Forward-looking multinationals are buying up emerging-market firms to ensure growth and to innovate in a different trajectory. But building a growth platform in emerging markets can be a complex problem that may require more than just money to solve.

Most Western executives openly acknowledge the threats that emerging-market firms are posing to traditional multinationals. Emerging markets no longer represent additional market opportunities. They are now home bases for a new breed of competitor. Latecomer companies that originate in these emerging markets are increasingly competing head-on with traditional multinationals in the global market, vying for the same customer segment.

Consider Sany, a Chinese multinational heavy machinery manufacturing company headquartered in Changsha, Hunan Province. It is the sixth-largest heavy equipment manufacturer in the world, and the first in its industry in China to enter the FT Global 500 and the Forbes Global 2000 rankings. In the early 1990s, Sany chose to focus on a home-grown concrete pump for transferring liquid concrete. The global market for this product was worth about US$5 billion a year. Until around 2005, the world market was dominated by two German companies: Putzmeister and Schwing. Together they controlled more than 90 percent of the whole business. But in a dramatic industry shift, Putzmeister’s sales fell from a record €1 billion in 2007 to a loss of €170 million in 2009. In January 2012, Sany bought Putzmeister for €0.5 billion. This was only one of the many examples that emerging market firms were keen to establish a stronger global presence.

Key patterns of success among emerging market firms

So how do previously unknown local players find themselves in a position where they are able to purchase previous global industry leaders? Local businesses in emerging markets typically start out focusing on markets ignored by established multinationals. Rather than compete with cutting-edge technologies from day one, they develop products and distribution systems aimed at less-affluent consumers. This strategy is common across Asia, from India and Thailand to South Korea. But more interestingly, almost 50 years ago the Japanese also applied the same strategy when the country began to take off.

For example, in the 1950s Toyota set up its first overseas factory in Thailand and, by the time it entered the US, it had developed an extensive manufacturing and distribution network throughout Asia. But the firm designed vehicles for the muddy, slow, unpaved roads commonly found in many Asian countries including Japan. As a result,
Toyota's first export to America – the Toyota Crown, in 1957 – barely managed to crawl into Las Vegas, having set out from Los Angeles on a coast-to-coast endurance test across the country's vast highways. Toyota was thus forced to target secondary markets instead – housewives and teenagers who needed a second and/or affordable vehicle to run around town. Instead of hemorrhaging cash to develop the big cars typically sold in the US, Toyota spent the next couple of decades making subcompact cars that were popular in Asia and selected market segments of the developed world, allowing it to achieve greater economies of scale globally, while buying time to refine its skills in marketing and distribution.

By the late 1970s, Toyota's main foreign competitor, Volkswagen – best known for its Beetle – was mired in its own crisis. The strengthening of the Deutschemark and higher production costs in Germany made Volkswagens prohibitively expensive in the US. As Volkswagen retreated, Toyota aggressively negotiated with US car dealers who were anxious to find alternatives. Leveraging its manufacturing scale advantages, Toyota was able to fill the gap in the product line with comparable models that cost almost 20 percent less.

Remarkably, Korean car manufacturers, including Hyundai and Kia have pursued the same strategy by initially producing subcompact cars, honing their skills in the low-end segment before moving upmarket.

Fast forward to today. Mahindra Tractors is the market leader for tractors in India, serving local farmers. The company has developed a full line of small, reliable, rugged, and fuel-efficient tractors, which cost half the price of Deere's but are still enormously profitable. When Mahindra considered international expansion, it used its knowledge of small but rugged tractors to sell to the US and Australian hobby farming and golf course and lawn maintenance market segments. Hobby farmers typically own five acres or less, and landscaping firms offer landscaping and maintenance services to homeowners with large gardens. Customers in both these segments want tractors that are small, durable, easy to maintain and economical – just like the Indian farmers Mahindra Tractors serves at home.

Similarly, Chinese PC maker Lenovo initially focused on the rural retail sector, another market segment shunned by Western multinationals. Starting in 1998, the company invested aggressively in infrastructure – including local offices, sales teams and supervisors – to directly manage a sprawling retail network that covered the most remote cities and even villages in China. HP and Dell, by contrast, concentrated only on coastal cities where reputable, third-party distributors operated. As local demand soared, Lenovo achieved greater economies of scale and lower production costs, and generated healthy profits for reinvestment. The sheer population size enabled Lenovo to develop immense economies of scale and supreme operating efficiency, so when the company expanded abroad, its cost structure gave it a hard-to-match competitive advantage. In 2005, Lenovo acquired IBM's personal computing division, paving the way to enter more developed markets.

The pattern is clear. Emerging-market firms that become successful tend to initially focus on a customer market segment that is less attractive to – and therefore not satisfactorily served by – traditional multinationals. In addition, a poor country is usually surrounded by other poor countries. A product that sells well domestically is likely to do well in neighboring countries. The resultant market size thus allows the local firms to achieve further economies of scale from its initially lower cost structures. Having secured a foothold in those markets, these firms then begin to improve their product offerings at such a low cost that traditional multinationals find it difficult to replicate.
Once you recognize the pattern, you see examples everywhere: Singapore’s Asia Pacific Breweries oversees a portfolio of 40 beer brand and variants, including Tiger Beer (sold in 60 countries worldwide), Anchor, and ABC Stout; Sri Lanka’s Dilmah is a global brand of Sri Lankan tea available to consumers in 92 countries; Thailand’s Jim Thompson, which started out in Thai silk, now markets clothes, household furnishings and fabrics through its Jim Thompson branded chain stores in Thailand and abroad; South Korea’s LG Electronics offers mobile communications, digital appliances, home entertainment products, and air-conditioning and energy solutions.

Strategic responses of Western multinationals

In response, some forward-thinking multinationals have been proactively acquiring emerging-market firms; not to stave off future competition, but to turn them into global platforms to compete across different emerging markets, and potentially substitute the traditional operations in high-cost countries. Yet, the traditional multinationals face a dilemma that is far more complex than that of an emerging market firm, for which the only goal is to move up the value chain to get out of commodity-like competition. The prospect of making attractive money in a more profitable market segment is clear and simple. But for traditional multinationals to deploy significant resources to enter a seemingly less-profitable market segment, even for a long-term strategic purpose, the rationale is less obvious.

GE’s CEO Jeffrey Immelt made a convincing case for Western multinationals to embark on what he termed “reverse innovation”: developing products in emerging markets and then distributing them globally. He argues that the conventional model that many Western multinationals have followed – developing high-end products at home in rich countries and adapting them for other markets around the world – is no longer sufficient because growth is slowing in many developed nations. If Western multinationals do not master reverse innovation, emerging-market firms could eventually destroy them.

The argument is simple, compelling and elegant. Yet the execution of such a strategy, particularly if it involves acquiring another emerging-market firm to try and turn it into a growth platform, is complex and often overwhelms even the most seasoned executives. If critical questions are not addressed upfront, managers may get caught up in the heat of developing the new business and rely on their intuition and past personal experiences, which they mostly acquired while managing existing business in rich countries, not by creating something new in emerging markets. The story of NovoScan serves as a cautionary tale to highlight the common pitfalls.

The NovoScan story

The acquirer’s perspective

NovoScan (name disguised) is a US-based manufacturer of laboratory analytical instruments in particle sizing technology. Particle characterization instruments are designed to measure the size, shape and charge of particles, which is important in understanding the physical and chemical properties of materials, such as the strength in constructions or reactivity in chemical reactions. These instruments have applications in pharmaceuticals, life sciences, mining, semiconductors, polymer and protein science, and food production. NovoScan traditionally focused on the premium segments around the world, serving resource-rich customers that were looking for high-end products and superior services. The company has made a dozen acquisitions over the past 20 years and has successfully established itself as a leader in the particle characterization market. It is recognized for its technological innovation and is frequently recognized with industry awards.

In 2009, NovoScan acquired privately-owned First Red Instruments in China, a company specialized in particle characterization. In its annual report, the firm says that the acquisition of First Red “will extend our range of instrumentation in the materials analysis segment.” NovoScan’s management team was careful not to dissolve First Red’s organizational structure by integrating it into NovoScan’s existing
operations. During post-merger integration, First Red’s autonomy in research and sales remained largely intact. The subsidiary continued to focus on the mid-to-low-tier segment. NovoScan’s executives adamantly declared that “with the in-China-for-China strategy, First Red stays First Red” and hoped that First Red’s products would soon find applications in other emerging markets.

The acquiree’s perspective

First Red founder T H Tung had always exerted critical influence in his company. A scientist himself, Tung was recognized as an early pioneer of particle characterization technology in China. His academic activities as a researcher brought much credibility to the First Red brand in the local market. But as is common in medium-size companies, Tung inadvertently concentrated most of the technology knowledge on himself. With no formal talent development system in place, most of his R&D department staff remained junior operators.

From First Red’s perspective, the Chinese market was narrowing. Although the company’s lower-cost structure had allowed it to prosper in the low-end market, Tung understood he needed to move upmarket to develop a sustainable business. “While you are earning 12 to 15 percent in the premium segment, mass market brands earn 3.0 to 5.0 percent, and no brands earn 1.0 to 2.0 percent profit,” he explained.

Three years later

Just as a senior executive at NovoScan had predicted, the Chinese market grew by magnitude. But alarmingly, First Red’s growth rate had not kept up with the industry average and its market share declined. Meanwhile, First Red’s local archrival – PartiTek – had continued to move upmarket at an accelerated pace, introducing its first model with the equivalent functionalities of one of NovoScan’s traditional product lines.

NovoScan also began to find itself trapped in a situation where it needed to upgrade First Red’s products, which would risk cannibalizing NovoScan’s traditional product line. Managers feared that the faster First Red upgraded its product line to match PartiTek’s offering, the more likely it was that NovoScan’s position in China would be directly undermined. After all, NovoScan originally acquired First Red and paid a hefty acquisition premium to generate new growth in a new market segment, not merely to reinvent the wheel within the existing market. Meanwhile, First Red constantly complained about the lack of technological transfer after the merger. First Red’s product roadmap remained unclear. Tung became increasingly disengaged from the corporate development and eventually resigned.

Lessons learnt

Could NovoScan have managed First Red differently? Could First Red have accelerated its expansion into other emerging markets instead of joining the upmarket race with other local competitors? We think it could have, but this would have required managers to address a different set of questions upfront.

NovoScan was right to protect First Red’s autonomy by not destroying its unique business model. Had executives tried to integrate First Red structures into NovoScan’s operation, the value of First Red – which was rooted in its high-growth, lower-cost business model – would have vaporized overnight. Still, leaving First Red alone was not sufficient. To be sure, if left completely independent, there is no obvious reason why First Red would achieve any competitive advantage over its local rivals. A mere injection of financial resources from the corporate parent may have been helpful but it did not boost much competitiveness because other promising firms in China could also raise capital easily. Some form of integration at the corporate level should have taken place. The question is where and how.

If the true purpose of acquiring First Red was to generate new growth in a market segment where NovoScan could not have achieved it otherwise, then the natural tendency for First Red to race upmarket must be re-directed. At the level of corporate portfolio, there must be a clear recognition of the distinct roles between NovoScan and First Red. Just like Toyota, the Lexus brand represents a very different business proposition than Toyota’s other mainstream offerings.

The implication is that the management at NovoScan must help managers at First Red to appreciate the massive potential of staying at the low end and to pursue a different trajectory of business development than going upmarket. First Red may want to re-focus on geographic expansion outside China, bringing its technology and low-cost solutions to India and other emerging markets for a market segment that is similarly underserved by other traditional multinationals. That may involve sending the Chinese managers to India or Southeast Asia to identify the similarity and differences in terms of local market requirements. By attaining greater scale of economy regionally and honing its skills in serving the low-end segment in a wider area, First Red could
have transformed itself into a formidable powerhouse beyond China.

At the same time, local customers in China who were being served by First Red may have demanded higher quality equipment over time. But rather than having First Red reinvent the wheel and come up with high-end products for these emerging premium customers, a proper portfolio hands-off should have been formalized with NovoScan. Certain internal profit sharing or price transfer mechanisms should help mitigate any undesirable self-serving behaviors among managers.

In the end, strategy is about making smart choices. Time is a scarce resource. If First Red had focused on the low-end segment regionally, its managers would have had to spend substantial time developing business outside China, not simply following what other local competitors were doing. However, such a differentiated strategic vision must be articulated prior to the acquisition. Entrepreneurs are trained to compete against other local competitors. Improving product performance and increasing profit margins comes almost as second nature. To convince the local team to stay in the low end and go after other emerging markets outside China would have required an open and honest discussion, which could have been a difficult conversation and executives might have been tempted to brush it over.

For multinationals with a portfolio of businesses, top management must ensure that the total value generated by different parts of the organization is greater than the sum of its parts. There was nothing to prevent NovoScan and First Red collectively competing more effectively than their stand-alone local rivals. But managers must avoid muddling through the strategy process. There has to be clarity on the differentiated roles of individual platforms across the business portfolio. The low-cost part of the business needs to be driven by growth beyond the initial geographic foothold continuing with a strong low-cost mindset. The premium business must focus on innovation, knowledge management and best-practice sharing. The corporate office needs to engineer proper hands-off mechanisms among different business units so that customers can be migrated from one part of the business to another as their needs continue to evolve. Only when it is properly managed can the low-cost platform that a multinational eagerly acquired truly unleash its disruptive potential in generating new growth in a new market.

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Korea Emerges as Global R&D Powerhouse

The Republic of Korea (Korea) is a priority partner for Switzerland in the areas of science & technology. In 2008, the former State Secretariat of Education and Research (SER) and its Korean partner conducted the Korean-Swiss Science & Technology Cooperation Agreement. Recently, through the integration of innovation (industrial research) and professional education into the newly formed State Secretariat of Education, Research and Innovation (SERI), there is increasing interest in bilateral collaboration in industrial research. In order to support bilateral partnerships in science & industrial research, a Science & Technology Office at the Swiss Embassy has recently been founded, and its activities in promoting industrial research partnerships have been extended.

In recent years, Korea’s economic power, including its main exports in IT (semiconductors, telephones and other IT components), ships and cars, chemical products, steel and optic devices, has become globally known. Less well known, however, are Korea’s enormous R&D investments and the role they have played in pushing Korea’s economic development.

In 2010, Korea spent 3.74 percent of its GDP, or a total of €53.2 billions on R&D, making Korea the 5th largest R&D power worldwide. Globally, Korea comes first in patent applications/GDP with the domestic office (Switzerland comes first if international PCT applications only are taken into account) and Korean firms and institutions hold 640,412 patents in total (worldwide rank: 3). Korea also has a very large amount of researchers: In 2010, a total headcount of 345,912. Globally only China, the United States, Russia and Germany have more researchers than Korea. A large majority of Korean researchers, about two thirds, work for companies.

Opportunities for Switzerland

Whereas Switzerland has been known for its globally leading strengths in basic...
Korean governments have also made strategic endeavors to strengthen global cooperation of Korean companies and research institutes through various bilateral R&D support programmes and membership in multilateral R&D consortia. Since 2009 and as only one of two non-European countries, Korea, through its Korea Institute for the Advancement of Technology (KIAT), is a member of EUREKA, the pan-European research and development funding and coordination organization. In addition, Korean regional governments have been keen to attract businesses for R&D operations, giving favorable conditions. Swiss and Korean companies wishing to collaborate in R&D activities can apply for funding through EUREKA.

Swiss Companies in Korea

Altogether, there are more than 100 Swiss companies operating in Korea, employing nearly 10,000 people. These companies range from SMEs to multinational groups. The main sectors of activities from Swiss companies in Korea are machinery, pharmaceuticals, agro-chemicals, food and beverage, services and luxury goods. In addition to central government policies, the Korean regions outside metropolitan Seoul have made great strides in developing their own strengths in emerging industries such as medical devices, optics, IT and food industry.

Korean government agencies and large private firms are currently interested in Switzerland’s successful SME model, strong basic research and excellent university-private industry collaboration and are interested in actively working with Swiss firms, universities and research institutes to develop partnerships.

Below are some examples of successful partnerships.

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research, such as engineering, life science, chemistry and physics, Korean companies and research institutes have been excellent performers in applied research. Korea’s abilities in targeted and applied research within its globally successful companies and its government institutes have in fact been the source of its economic success. In addition, specific strengths such as speed, resourcefulness, dedication and sharp analytical skills have been successfully included in the Korean innovation system.

In the recent past, in order to diversify the Korean economy, great emphasis has been laid on finding new growth engines for the Korean economy. While the previous President, Lee Myung-Bak, focused on stimulating “green growth” and associated technologies, such as IT, the new President, Park Geun-Hye, will lay her focus on stimulating the IT industry, economic democratization (support for SMEs) and horizontal collaboration programs between companies, research institutions, and universities. In fact, the combination of successful SME development and a focus on increasing support to the convergence of IT industry and research is at the heart of President Park’s economic policies. In order to underline the importance of this goal, President Park has created a new super ministry in charge of finding new
Korean-Swiss business & R&D collaborations:

**Güdel Lineartec Inc. ASIA HUB**

Güdel is a Swiss supplier company of drive components, motion control, handling modules, robotics, factory automation and press automation. Güdel Lineartec Inc. started business in Korea in 1993 and established its plants and R&D centers under the name ASIA HUB at Incheon Free Economic Zone in 2006. Thanks to the precision and high durability of the products, Korean companies such as Hyundai motor, KIA, RenaultSamsung Motors, LG Philips, and Samsung SDI are Güdel’s main clients. The manufacturing factory has been expanded, as well as a research center to target the Asian markets including China, Japan, and Thailand.

**LS Sauter**

In 2010, the Swiss company Sauter, specialized in energy efficient building solutions, started a joint venture with the Korean company LS Industrial Systems, the national leader in automation systems, to develop LS Sauter. LS Sauter offers complete solutions for green buildings.

**Intekplus – Heliotis International R&D Center**

Intekplus, a Korean regional innovation cluster based in three cities (Daedeok/Daejeon, Gwangju and Daegu) has been funding joint international R&D Centers and commercialization of technology since 2007. This funding program is maximum $500,000/year for two years to the consortium of the joint R&D center. In 2012, the Korean-Swiss Intekplus – Heliotis consortium won a grant, enabling the consortium to do research in the development of application specific image sensors and high-speed 3D imaging.

**Goals and plans for 2013 and beyond**

- The STO to become a bridge between Switzerland and Korea, offering advice and an entry point for bilateral R&D collaboration
- Swiss Innovation Promotion Events: Several bilateral innovation workshops, co-organised with the Korean innovation promotion agency KIAT, to promote Swiss R&D excellence and to enable **Swiss-Korean innovation partnerships**.
- Swiss-Korean Science Days: 7/8 May 2013 at EPFL in Lausanne (Topic: Future ICT) Previous topics: Cleantech for Green Growth (Seoul), Water for the Future (Zürich), Biomedical Engineering (Seoul)
- Establish close relations with Swiss businesses in Korea and establish an annual Swiss-Korean Innovation event, supported by KIAT and the Swiss Commission for Technology and Innovation CTI
- Longer-term goals include establishing bilateral government financing of collaborative R&D projects
- Hosting collaborative young innovative start-up events

Please contact the STO should you be interested in developing links with Korean companies, research institutes or universities (incoming or outgoing). Our contact details are on the left!

http://www.eda.admin.ch/seoul
The question that first comes to mind when contemplating Myanmar and innovation is where to start. People interested in Myanmar are well advised to think about the preconditions for innovation in Myanmar. In order to advance and renew its economy, Myanmar also needs to do the same with its political system. While there certainly are profits to be made in this phase of gold-rush economic expansion and from low hanging fruit, Myanmar will need to solve its political problems to see real economic development that brings with it innovation and not just growth based on natural resources and tourism.

During the military dictatorship, which lasted for five decades, time stood still in Myanmar. There was practically no development in most areas, be it on issues regarding society and politics or regarding technological progress that could have benefitted the economy. Most of today’s infrastructure was built in colonial times, has hardly ever been maintained and is in quite a dire state today. Western sanctions regimes and cronyism hindered the country from importing know-how after it had ended its self-chosen reclusiveness and thus prevented it from making progress. In order to catch up with its neighbours and to achieve the development goals set by its president, the country will have no choice but to modernize its economy as well as its political system.

The economic development of the country will not be sustainable without finding and implementing innovative solutions for its political problems. Due to Myanmar’s sheer backwardness there will be quick wins on the economic front even without an all-encompassing solution to the political problems. Infrastructure alone will require massive investment in the next years - so will the country’s tourism industry. Myanmar’s dream is to catch up with and emulate Thailand, a country that is key in the automotive sector and produces up to a third of the world’s computer hard discs. Toyota announced only a short time ago that Thailand is to overtake China in production output. For Myanmar to be able to attract investment on this scale a lot still needs to be done. A tell tale sign of this is the fact that hardly any major Western company has committed to a large-scale, long-term investment other than in the extractive industries. Most
Western companies prefer to sell their products without actually establishing a production base. A large part of the investment coming from Asian countries often serves self-interest more than anything else and is driven not by innovation but by the prospect of cheap labour and the need to secure easier access to world markets. FDI figures clearly show the investment in the extractive sector. As a side notice - true innovation would be to put the profits of the country’s mineral wealth to intelligent use. It would belie all those who primarily see resources as a curse rather than a blessing.

It can be of advantage to have missed out on certain phases or steps of technological development as the country now has the possibility to leapfrog complex and elaborate infrastructure undertakings. A case in point is not having to install fixed line telephone networks across a country the size of France and England but rather being able to concentrate on mobile telecommunication instead.

Contemplating innovation in Myanmar’s economy – also from a Swiss perspective – makes most sense if it is applied to the sectors that Myanmar depends on at this point in time for its progress. Myanmar is, first and foremost, an agrarian country and it’s official policy is to develop the economy of the country based on the income generated by agriculture. It used to be the rice basket of the whole of Southeast Asia and the world’s largest rice exporter. As with the rest of the country’s economy, this sector is in need of modernization which should not only be limited to technology, but should also tackle questions such as those of landownership. There isn’t a single acknowledged system of property rights and conflicts over land occur. The result is that reports of land grabbing are on the increase, as well as reports of police brutality against protesting farmers. Other sectors that are being developed and can foster innovation are the banking sector, textiles and hydropower.

When it comes to applying innovative approaches to the solution of political problems, however, it is a completely different story. Issuing new laws, freeing political prisoners and allowing a small degree of political participation cannot undo the legacy of mistrust that has been created over decades of discrimination and stigmatisation. A country with the history and diversity of Myanmar will have to find new ways to tackle its past and secure its future. All of its inhabitants – the stigmatized Rohingyas in Rakine State, the Chinese immigrants in Mandalay, the Muslims of Indian origin in Yangon, the descendants of interracial marriages from colonial times and all the ethnic minorities - have to be able to participate in the political and
economic life for the country to have a bright future.

The founder of the country, Aung San, realized this and tried to include the ethnic minorities in a federal union based on the Panglong Agreement. It was annulled in the military coup in 1962 and secessionist intentions were dealt with militarily, leading to civil wars that are among the longest running in history. None of the political elite, including Aung San Suu Kyi, are prepared to unconditionally accept the rights of all ethnic minorities for fear of being portrayed as a traitor, one who compromises the unity of the country. In such gridlock, only an innovative approach stands a chance of breaking up continued and hardened perceptions of the state and who controls it.

One such innovative approach has been successfully demonstrated by Switzerland. It defines itself not by homogeneity but as a nation united by choice - a voluntary nation - and in so doing distinguishes itself from its neighbours. This in turn leads to a feeling of national cohesion. According to Milan Kundera, it is a concept of maximum diversity in minimum space. A further aspect of such an innovative approach should include reconciliation with the past through truth commissions and abstaining from punishment as well as future collaboration based on compromise.

Myanmar and Switzerland have more in common than first meets the eye. Apart from the obvious factor of being multi-lingual, multi-ethnic and multi-religious, one such commonality is a very pronounced desire to be independent and a feeling that one is distinctly different from one’s neighbours. While Switzerland was very reluctant to even join the United Nations let alone the European Union, Myanmar’s desire for impartiality even led it to temporarily leave the organisation of non-aligned nations. Powerful neighbours that have very strong cultures and are players on the world scene surround the two countries. Both countries have had to balance their relationships with those neighbours in order not to be crushed by major power politics. Both countries are situated in strategically important locations. At the same time, their powerful neighbours profoundly influence both countries in various aspects and it is exactly this influence that calls for an emphasis of something distinctly different to these neighbours. Celebrating the country’s heterogeneity creates this difference.

Different actors – the Swiss government and its various agencies and ministries, private actors such as the Swiss Asian Chamber of Commerce and individuals have already contributed to establishing a relationship of trust between the two countries. Switzerland was the first country Aung San Suu Kyi visited on her trip to Europe. Switzerland was also the first country to open an embassy after Myanmar embarked on its path of opening up and has endowed its aid agency with a substantial budget. The Swiss Asian Chamber of Commerce has organized numerous events and delegations to the country to boost the interest of Switzerland’s business community in Myanmar. Swiss individuals have already founded companies and are engaged in charities.

With this in mind, Switzerland can contribute to Myanmar addressing its political issues and thus enabling it to attract innovation.

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swissnex Singapore - a Catalyst for R&D and Innovation

Following the first National Technology Plan in 1991, Singapore has built its economy based on Research and Development (R&D), putting a significant amount of money into the R&D sector, as well as drawing investments that further enhance their capabilities. R&D expenditure has increased tenfold since 1991 from S$760 million to S$6040 million in 2009. To boost the sector further, the Singapore Government has invested S$16.1 billion to its Research, Innovation and Enterprise (RIE) 2015, a five-year plan that is a result of careful planning and collective effort of various research, economic and funding agencies by the Research, Innovation and Enterprise Council (RIEC). The public budget amounts to 1.0 percent of the GDP and a 20 percent increment from the previous Science and Technology Plan, which saw an increase in engineers and researchers, as well as private sector expenditure. The extensive plan activates and consolidates the participation of education, research, economic and funding agencies. Not merely a top-down approach, various efforts are in place to encourage a diverse environment, by fostering bottom-up innovation with frameworks in place for entrepreneurial talents as well as the inflow of foreign talents. The five-year plans have indeed come to fruition with Singapore being ranked third internationally in the Global Innovation Index (GII) 2012 Report, just after Switzerland and Sweden. The report measures innovation outputs, inputs, and linkages, which Singapore continues to forge by providing platforms such as the various global summits, expos, and forums, which facilitate clusters of growth.

Additionally, the strategic economic move has culminated in the creation of ‘one-north’, an ongoing 200 hectare development by JTC Corporation that places scientists, researchers and entrepreneurs in close contact with renowned tertiary institutions and other research facilities. Envisioned to create “an ideal work-live-play-learn environment” the hub facilitates interaction in both formal and informal settings. Unlike a “strictly business” hub, one-north fosters a conducive environment with well-integrated social, recreational and living facilities.

Agents of Innovation

Research remains integral to creating an innovation driven economy for Singapore, as it had done in the earlier “knowledge-based economy” in 1990s. The continued importance and the need to create a framework consisting of strategies and policies that support active efforts in favour of advancing research led to the setting up of the National Research Foundation (NRF) in 2006 as a department under the Prime Minister’s Office, which provides support to the RIEC. The foundation seeks to combine both a top-down and bottom-up approach to create a vibrant and conducive R&D based culture, with the top-down approach giving focus to the development of Singapore and bottom-up approach allowing novel ideas within the broad-research spectrum to come forth and identify new strategic areas of research, essential in today’s fast-changing landscape. The identified areas of importance that R&D initiatives has supported via the Strategic Research Programmes are in Biomedical Sciences, Environment and Water Technologies, Interactive and Digital Media, and most recently Marine and Offshore, which has been apportioned $1.55 billion of the RIE 2015 budget. A major part of the top-down approach is the National Innovation Challenge (NIC), Singapore’s response to solving large and complex problems faced by the country, which harnesses Singapore’s capabilities across multi-disciplinary fields in an attempt to improve the lives of Singaporeans while capitalizing on the potential commercial
Spin-offs that the solutions might bring. In 2011, the first Energy National Innovation Challenge was established in an effort to create “Energy Resilience for Sustainable Growth” and as part of the global effort to fight climate change. S$300 million was set aside for Energy NIC, which will be spread over the course of five years to consolidate the R&D base and create solutions that improve energy efficiency, carbon emissions and other alternatives.

On the other hand, the bottom-up programmes provide funding, in the form of the Competitive Research Programme (CRP) Funding Scheme, for public and private organisations that propose high-impact R&D programmes in all areas of science and technology. Moreover, to create a community of talent, NRF has set up the Campus for Research Excellence and Technological Enterprise (CREATE) in the National University of Singapore’s University Town that consolidates international research centres, laboratories, incubators and start-ups. Much freedom is also given to those granted the lucrative Singapore NRF Fellowship, that provides young researchers the opportunity to launch their independent research in Singapore. Beyond R&D, NRF has also developed the National Framework for Innovation and Enterprise that assists with the transfer of results from the labs into the free market by tapping into incubators available in the country and supporting academic entrepreneurship in universities, enterprise support structures in other government agencies and technology transfers between universities, research institutes and polytechnics. The NRF executes this innovation-driven economy vision with the participation of other government agencies that relates directly to R&D, education and enterprise.

Research

Critical to the research area is the Agency for Science, Technology and Research (A*STAR), the lead government agency that is “dedicated to fostering world-class scientific research and talent for a vibrant knowledge-based economy” with diverse research institutes dedicated to the vision of cultivating the country’s human, intellectual and industrial capital. A*STAR regularly pulls talent into its research pool, attracting PhD students and early career PhD researchers into its R&D labs. In fact, Singapore does not simply tap in on local knowledge, but aims to be lucrative to draw talent, such as PhD candidates and professors to explore and contribute to the education scene here.

Within the local pool of people, A*STAR Graduate Academy also attracts potential scientific talents in various top global universities, giving them the opportunity to pursue a rewarding R&D career. More than a thousand local PhD talents have contributed to and strengthened the local research community in Singapore. Various scholarships are made available, beginning from high school students till those in their post-doctoral studies. Some scholars from the competitive pool have the option to pursue their education in top universities around the world, and will then return to the vibrant R&D environment and be groomed for the PhD track.

Enterprise Development

Beyond the A*STAR, other government bodies have been created, such as SPRING Singapore, which “promotes economic growth and productivity; statistics and information on services and products”, as well as International Enterprise (IE) Singapore (previously the Singapore Trade Development Board), which “spearheads the overseas growth of Singapore-based companies and promotes international trade”, contribute to the vision of developing Singapore as a research-intensive, innovative and entrepreneurial Asian Hub akin to countries such as Switzerland, Sweden, Finland and Israel, and complements the National
Framework for Innovation and Enterprise. The strategic dissemination of funds ensures that most fields are covered and not just biased heavily towards one.

Based on the Global Entrepreneurial Monitor 2012 report, Singapore ranks highly for Total Early-Stage Entrepreneurial Activity, although perceptions of opportunity and capability continue to rank low, similar to other wealthier economies such as Japan and the Republic of Korea. However, beyond government agencies, frameworks are in place to provide support for start-ups to develop and consequently, backing for those that are promising. As a country moving towards an innovation-driven economy, support for entrepreneurship can create jobs, which will consequently lead to the growth of the economy.

Various programmes and Centres of Innovation (COI) are installed by SPRING Singapore, the agency under the Ministry of Trade and Industry that acts as an enabler for Singapore-based start-ups. With the vision of making Singapore Asia's Innovation Centre, support is made available to start-ups that are based there. The availability of Technological Innovation Programmes, among others, strengthens technological innovation capabilities in SMEs as a form of competitive strategy. Not limiting expertise to those in Singapore, SPRING Singapore also provides a framework that enables the tapping of expertise from abroad via TIP-Experts. Furthermore, SPRING Singapore has actively developed Centres of Innovation in local polytechnics and research facilities that provide assistance to SMEs, with each COI concentrating on various fields such as electronics, supply chain management, food, the environment and water, marine and offshore, and precision engineering.

In response to the growing group of middle-aged entrepreneurs (35-44 years old), Action Community for Entrepreneurship (ACE) has been set up organically by the public and private sector, a step forward following the existing Youth Social Entrepreneurs programme. It seeks start-ups with novel ideas and allows them to be mentored by experienced entrepreneurs. Governmental efforts have also been invested to ensure that, where necessary, start-ups are able to utilize existing resources by working with agencies such as A*STAR. This eases the continuing problem that is faced by start-ups of today – the lack of resources to develop their concept. Accordingly, with the availability of resources, local universities have their own entrepreneurship offices that are able to leverage on connections within the community and researchers worldwide, whilst reducing the fear of failure that plagues most advanced economies.

Moving forward, eight new incubators have been added to the first seven incubators which had varied focus, providing opportunities for the different type of start-ups. Other government and non-government institutions have also organically provided incentives and networking opportunities for start-ups in various fields such as SingTel Innov8, HUB Singapore and SG Entrepreneurs.

### Swiss Academy in Singapore

Increasingly, Swiss academics are becoming interested in setting up bases in Singapore. The past year has seen the setting up of new hubs such as the St. Gallen Institute of Management in Asia (SGI) by University of St. Gallen. swissnex Singapore played the initial role of an incubator for St. Gallen's activities in Singapore by hosting a representative over the past years. The new office enables the University of St. Gallen to strengthen its relations with renowned local universities, as well as to facilitate joint, exchange, and executive programs. Correspondingly, SGI will also offer sabbaticals, alumni, students and professors a new environment for their research as well as develop executive programs in the region.

Additionally, in 2012, the Singapore-ETH Centre for Global Environmental Sustainability (SEC) and its Future Cities Laboratory opened its doors on the Campus for Research Excellence And Technological Enterprise (CREATE). It was first established as a collaboration between NRF and ETH Zurich in 2010 which framed several research programmes, one of which culminated in the above-mentioned Future Cities Laboratory, a transdisciplinary research centre focusing on urban sustainability in a global framework.

### swissnex Singapore

swissnex Singapore is a platform of the Swiss Government that bridges knowledge and competencies in science, education, art and innovation between Switzerland, Singapore and South-East Asia. It is a member of the Swiss Knowledge Network, with outposts in Bangalore, Boston, San Francisco, Shanghai and Singapore. It acts as a promotional springboard and innovative door-opener enabling its users to prospect opportunities, discover synergies and nurture partnerships in a conducive environment. With its location in one-north, it leverages on the
proximity to innovative activity by integrating governmental, academic and economic stakeholders under one roof during its interdisciplinary events and tailor-made programs, building a knowledge network shared with its users. swissnex enables the connection between “Born-GLOBAL” Swiss start-ups and the who’s who and hosts junior ambassadors from Swiss tertiary institutions such as HEG Fribourg and HEC Lausanne, allowing them to make further inroads into partnerships with local institutions and throughout South-East Asia.

In the R&D sector, swissnex has joined forces with A*STAR, CSEM (Centre Suisse de Microélectronique et Microtechnique) for the fifth time to organize a Swiss-Singapore Workshop on Microfluidics, where attendees gained valuable insights into the latest trends in microfluidics from techno-entrepreneurs in Singapore and Switzerland. This has made inroads for successive collaborations.

Equally important, as an example of collaboration with larger corporations, is the advancement made based on an existing mandate between Swiss Re and the swissnex network. This has led to the first expert roundtable discussion in Singapore on ‘The Future of Human Longevity: New Approaches to Healthcare and Cancer’. swissnex activities therefore complement those of the Swiss Business Hub, by fostering ventures upstream of commercialization.

**Some Key Events:**

- **BioPharma Convention**
  - Asia’s largest BioPharma Event pools regional and global biotech, biomed and biopharmaceutical companies, research institutions and other key stakeholders to network and discuss latest trends, discoveries and the industry’s best practices. This also facilitates partnership opportunities.
  - The Swiss Pavilion, a collaboration with Swiss Biotech, was an opportunity for biotech companies such as Bachem, Biopôle, B’SYS, and Lonza to present their innovation.

- **World Cities Summit**
  - The biennial World Cities Summit is a global platform that hosts government leaders and industry experts that address issues related to urbanization.
  - The diversity in the attendees from both the public and private sectors allowed connections to be made and synergies to be formed, crossing borders.
  - The summit worked around the theme — “Liveable and Sustainable Cities – Integrated Urban Solutions”, in 2012.

- **Singapore International Water Week**
  - Held in conjunction with World Cities Summit.
  - A global platform that allows sharing and co-creation of innovative water solutions towards integrating global sustainable water management strategies with urban planning processes.
  - Creaholic, an innovation powerhouse founded by the co-creator of SWATCH presented its innovations during this event. swissnex Singapore assisted with the arrangement of networking opportunities and formal meetings with potential stakeholders including R&D partners, local government agencies, entrepreneurs and investors, playing its part as a catalyst for R&D and innovation.

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The Unsung Heroes Behind the World Famous 'Swiss Made' Tag

Swiss Made-The Untold Story behind Switzerland's success is a best selling book in the English language about Switzerland.

This timely book appears at a time of change and uncertainty. The world today is beset with political unrest and dissatisfaction, far-reaching economic and currency crises, and out-of-control state finances with hastily constructed bailouts whose outcomes are impossible to predict. Economic growth is declining or stagnating in many parts of the world, and many currencies are losing their traditional value and strength. Politicians in most democratic societies are mistrusted and important problems are postponed to burden future generations.

Against this relief, Switzerland remains healthy, even in these turbulent times. The book describes the Swiss journey in which the country's position on the international stage was achieved not with the weight of power and size but through pioneering spirit, a passion to perform and quality. Switzerland has known neither aristocracy nor autocracy. What counts are ability and performance, not background and position. What matters to Swiss is what works, rather than what is right.

Swiss Made chronicles the fascinating pathway of "made" the prosperity of Switzerland, across 14 sectors, ranging from textiles, machines and banks to pharmaceuticals spanning some 300 years.

Following are excerpts of an interview with the book's author R. James Breiding has with Julie Zaugg, Hebdo

What made you write the book?

What fascinated me about Switzerland is the obscure relationship between visibility and substance.

It is a place where achievement is revered, but not paraded, probably owing to Calvinist and Zwingli traditions and mountain life. Nescafé has practically become synonymous with instant coffee and Swatch stores have set up shop in most cities. But more often, the Swiss successes take place in the shadows. Many of Switzerland's most impressive industrial and entrepreneurial successes involve so called 'B to B' businesses – so their activities and achievements are concealed from the general public. How many people know that the Swiss are the leading producer of escalators, that Franke produces all of the kitchen equipment for McDonalds, or that the scent for Chanel no 5 is produced by Firmenich, or that more than half of the world's sugar and oil are traded through Swiss commodity firms?

To make matters worse, many people are familiar with the country, having spent a few days at Davos at the World Economic Forum or on mountain holidays, but those visits often confer a false, or at least superficial, sense of understanding. All of this increases the likelihood of misinformation and explains the substantial misperception about the country.
The Swiss are also bad at selling themselves, which means that little is done to correct these images. The purpose of the book was to set the story straight.

**What are the most spectacular Swiss success?**

Probably those recorded by the precision industry, including watches. Its development marked the beginning of the industrial revolution: for the first time, people were remunerated by the hour, rather than by the bushel – so wages depended on the duration of their work - and it was therefore essential to have an accurate timepiece. Successfully placing up to 400 pieces in an area the size of a coin represented a true engineering feat. New products emerged from innovations in the watch industry. The tiny screws used in orthopedic prostheses or batteries that power hearing aids are inspired by watchmaking expertise and allowed companies like Synthes or Phonak to prosper.

**What has allowed Swiss industries to compete at the global level?**

The quality of the education system, including the dual learning model has been crucial. This system has allowed the emergence of a large middle class, made up of manual and vocational workers who are respected and well paid. Switzerland has escaped the inequalities that have emerged elsewhere at the time of the industrial revolution and have continued to escalate.

The second feature has been immigration. Almost every large Swiss company was founded or co-founded by a foreigner. Henri Nestlé and Hans Willisdorf (Rolex) were German, Charles Brown (ABB) was English. French Huguenots for their part, presided over the emergence of pharma, private banking and watchmaking. Deprived of their social environment, and families, these people were often willing to take big risks and to work hard to earn recognition in their new country.

Migration also helps. Many Swiss travel and live abroad - speak foreign languages - so they are in tune with remote market opportunities and risks. Cezar Ritz was the first to export Swiss expertise as Hoteliers. Diethelm, Keller, Siber + Hegner (now amalgamated into DKS), ZueLLig, and Volkart were important players, actively trading in Asia before the invention of airplanes, or telephones – let alone the internet.

As Switzerland is a small country, companies had to quickly establish itself in other markets. Companies such as Nestlé, ABB, and Holcim pursued early on emerging countries. The concept of ‘globalisation’ is a modern concept, but the Swiss were well entrenched before this trend became popular and they found themselves in a good position to take advantage.

**Textiles have a reputation of being passé and no longer relevant – but you feel differently:**

Most readers think that the textile industry is boring and unimportant. I think they are mistaken.

For most of history, man was occupied with avoiding the risks of hunger and weather. Food and clothing were the priorities of the day, and the absence of either was quickly and painfully punished. The demand of food is limited. There is only so much you can consume in any given month or year. The demand for clothing is infinitely elastic. Look at the number of shoes in a woman’s, or ties in a man’s wardrobe. Fashion also appeals to vanity and personality so people are less price sensitive than for say a loaf of bread. This was the first time that there was a glutony of demand - something any business thrives on.

The textile industry also provided foundations for other sectors. The pharmaceutical industry got its start from synthesizing colors for textiles. Banking started by circumventing usury laws and disguising the payment of interest by advancing payments to household manufactures of wool products. Companies like ABB, Rieter, and Sulzer owe their beginnings to machine apprentices who devised ways of replacing hands with machines for weaving and spinning. Even Switzerland’s great railways were laid along the original textile route between St Gallen and Baden.
So, yes, the textile industry is both important and relevant.

Rather than concentrating on famous figures in industry and politics, your book focuses more on 'Unsung Heroes'. Why?

I was mainly interested to understand where Swiss prosperity came from. Capitalism is – if you think about it – a story of innovation. The two words are virtually synonymous. Without innovation, there is no growth, nor job or wealth creation. Talent and capital migrate to where opportunities are greatest so this creates a virtual or vicious circle, depending on where one is in the cycle. Think of Detroit in the first part of this century, compared to Shanghai over the past generation.

There is far too much attention paid to restructurings and too little to innovation. Part of this has to do with visibility, and the other has to do with attention spans. It is sensational when 10,000 people are laid off and it has a tendency to focus one’s minds. On top of that, it has the perverse effect of normally increasing a company’s share price and helping achieve quarterly targets.

Most innovations are not appreciated until after they become successful. And the incubation periods can be long and unpredictable. It took Nespresso more than a decade to make a dent in the market and Nestle’s Chairman refused to put a machine in the company’s board room because he was skeptical of its success. Now it is the most profitable of all of Nestle’s 4000 products. The average time between discovery and market launch for a drug is more than 15 years, which may eclipse 2-3 generations of CEO’s.

What interested me were the ‘unsung heroes’ who altered the landscape of Swiss industrial history. Jean Robert designed the first 285 models of Swatch and helped convince the firmly entrenched watch industry that watches had little to telling time, but appealing to aspirations. The elevator industry knew of the problems of congestion and that a solution was possible, but it took 40 years before Paul Friedli cracked the algorithm to channel traffic by height of destination. Schindler vaulted from number 9 to number 2 in the lift industry once he did.

Marc Rich circumvented the power of the so called ‘big seven’ oil companies like Exxon and BP by making a market for oil owned by sovereigns in the middle east and elsewhere. Alberto Morillas, a little known parfumist at Firmenich, created signature scents for iconic brands such as Armani, Bulgari, Calvin Klein and Gucci. His name does not appear in the package, but it is in fact his signature scent that many women adore.

Is there a common thread among these Swiss success stories?

Historically, discoveries often took place in the workshop, when the apprentice was trying to improve a product for a demanding client. Therefore, the Swiss innovation tends to be pragmatic, practical, applicable. This has given rise to a series of values associated with Swiss products. They are perceived as high quality goods that keep their promises and favor substance over fashion. Almost by accident, "Swiss Made" has become a brand – more by coalescence than by intent. When an Asian or Brazilian buy a Swiss product, they have these attributes in mind. This gives Switzerland a significant competitive advantage and may be the most precious asset the country has – because it is built on trust, and has accrued over the centuries.

What role does the state have played in the development of the Swiss industry?

The Swiss have managed to minimize government involvement in the economy. An important part of the Swiss recipe for success relies on a strong industry and a weak government. The opposite of a country like France, which manages its affairs "top-down". The French government decides that the automobile or nuclear industry has priorities and capital is allocated in these areas. But the State is notoriously bad at allocating resources. What government could have successfully developed the Swatch watch or Nespresso capsules?

In your book, you talk about the difficulties faced by the banking sector ...

Asset management for the wealthy has been a wonderful opportunity for Switzerland, but it was a bubble – just an extended one - and it has now burst. The industry must now develop a new business model. This will be based on moderate growth prospects and lower margins, because it will be more difficult for Swiss banks to compete without the competitive advantage of bank secrecy.

The industry also has problems which are exogenous to Switzerland. The existing model has rewarded management, but not shareholders – and it has done so in an asymmetric manner. Clients have been the biggest losers because banks are rewarded based on the volume of business activity rather than its economic utility. This has led to a large and implicit tax on clients whose objective is often to build up their retirement savings. They have been deceived into believing that complicated structured products or overtrading of their accounts yield superior results when, in fact, it has been
This would also dampen the tension arising from the inequality in wages earned by bankers compared to other professions.

**Will Switzerland succeed to repeat past successes by the emergence of new industries?**

There are considerable and well meaning efforts by the École polytechnique fédérale de Lausanne (EPFL) and Eidgenössische Technische Hochschule Zürich (ETHZ) to promote the creation of start-ups in biotechnology and nanotechnology. But they have not yet led to a great success story.

Swiss success in those sectors that have been the greatest sources of wealth creation during the last generation has ranged from modest to disappointing. I am thinking of the digital revolution, computerisation and the rise of the internet. Companies like Amazon, Google, IBM, Cisco, and so on.

Problems in the banking sector as such represent an opportunity: for a long time, finance has absorbed most of the talent coming out of universities because no firm can compete against wages in finance. This will now change abruptly and dramatically.

**Increasing number of foreign multinationals choose to install themselves on Swiss soil. Is this a new model for Switzerland?**

Firms that have established their headquarters in Switzerland, such as Tetra Pak, Philip Morris, Dow Chemical or Google, now represent 10 percent of Swiss GDP. If one adds in the Swiss multinationals like ABB, Nestle and Novartis – who increasingly behave and decide in a similar manner – this amounts to 25 percent of GDP.

This sector is important for the country’s future. Google employees recently elected Zurich as the most attractive destination network of the company and Swiss cities frequently are at the top of international rankings on the quality of life – a critical criteria for knowledge based industries. But this area is also risky. If a multinational decides to leave, Switzerland can not do anything about it. We saw this recently with Merck Serono in the French part and Lego in the German part of Switzerland.

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Author: R. James Breiding

A dual Swiss and American citizen, Breiding studied at Harvard and IMD in Lausanne before joining PricewaterhouseCoopers. He later served as director at Rothschild and general manager of Templeton Investment Management. In 1999, he founded the investment company Naissance Capital with the help of Sir John Templeton and several prominent industrial families. A French version of ‘Swiss Made’ will be published in September (Editions Slatkine), followed by a Chinese version (Citic Press). Breiding contributed several years on Swiss issues for The Economist and is the co-author with Dr Gerhard Schwarz of ‘Wirtschaftswunder Schweiz’ (NZZ Libro).
Social Innovation Thrives when there is...

A Blend of Ideas, Political Will & Philanthropic Support

The Challenges of the 21st Century

As a result of consecutive scientific revolutions, we, human beings, have changed the world with incredible speed. With technological and economic developments, globalization has become a fact, affecting the entire world for good and bad. Consequently, we are facing new challenges worldwide.

The major challenges we face include alleviating poverty, mitigating climate change, stopping the abuse of natural resources and the environment, cleaning up pollution, dealing with natural disasters, and improving medical health.

Across the world, millions of people are striving to make the world better and tackling the most challenging social issues of our times. This is Social Innovation. It has come into the spotlight more than ever after the financial and economic crisis.

What is Social Innovation?

Social innovation refers to new ideas (products, services and models) that work in meeting social needs and creating new social relationships or collaborations. Social innovation often involves not just new ideas but the remaking and reuse of existing ideas.

In social innovation, innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social.

Generally speaking, this differentiates social innovation from business innovation, which is generally motivated by profit maximization and is diffused through profit seeking organizations. Social innovation from individuals, movements and organizations tackles social problems with a focus on resolution and experimentation to formulate new products, services, models and approaches.

Social innovation can only thrive if it meets a need as well as corporate innovation. However, the motives that spark social innovation are likely to be very different. They may include material incentives but the principal drivers of accomplishment include concerns, compassion, identity and autonomy. Critical resource requirements also diverge. However, money is the bottom line in business. So, social innovation often relies on political support and philanthropic commitment.

The Evolution of Social Innovation

These days, social innovation is not unique to the non-profit sector. It can be driven by politics and government (e.g. new models of public health), markets (e.g. open source software or organic food), movements (e.g. fair trade) and social enterprises (e.g. microfinance).

Many of the most successful innovators have learned to operate across the boundaries between these sectors. Innovation thrives best when there are effective alliances between small organizations and entrepreneurs. Big organizations often grow ideas to scale.

An OECD report, “The New Nature of Innovation” examines the changing nature of innovation. It identifies several characteristics that differentiate future innovation from the innovation of the industrial era. It points out four drivers which will change innovation:

- Co-creating value with customers and tapping knowledge about users,
- Global knowledge sourcing and collaborative networks,
- Global challenges as driver of innovation,
- Public sector challenges as a driver of innovation.

The report confirms that global challenges are becoming a key driver of innovation, and also that social and environmental issues are presenting significant new business opportunities and constitute a big new market.

What can we do?

Personally I see the development of social innovation as an urgent task.

It is quite critical that each of us thinks about how we can improve society’s capacities to solve the problems that we are facing. More importantly, it is even more critical how each of us reacts and gets involved in social innovation to make a positive difference in our societies and around the world. Perhaps the involvement can be through different types of organization such as corporations, public or private organizations or entrepreneurship. The most important thing is that we have to be doers not talkers.

By Barbara Moeckli-Schneider, Secretary General, Member of the Board, Swiss-Asian Chamber of Commerce.

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The Unique Akha Ama Coffee Journey

Living with Nature Profitably

My name is Lee and Ayu Chuepa is my full name. I was born in a very small, remote village called Maejantai in Chiangrai province, the north of Thailand.

My family was stateless (no ID), and we were not considered Thai citizens at that time. My family became Thai citizens a year after I was born. I have four siblings and I am the first son of the family. I grew up in a lovely family with lots of happiness, although we were not rich.

I always loved the mountains, nature and the green around my village and plantations. When I was seven years old, I went to school. I had to walk four kilometers to school and walk back home afterwards. Maenamkhun School was my first official school, where I learned how to speak and write Thai. It is funny, but my mother tongue is Akha, not Thai. I originally belong to the Akha tribe, which has its own language. I took seven years to finish my primary school education.

Although I wanted to continue my studies further at a secondary school and a high school, there was no school I could go to. My family always encouraged me to go for higher education, but we didn’t have enough money to pay for schooling.

However, I was lucky to meet a monk during a summer break, and he suggested going to a temple school, where actually I studied for six years as a student. I always loved to participate in activities to learn new things and improve my knowledge. In the temple I could have access to a normal education.
like other children, while I learned about life and philosophy after school. I was a very lucky person and I wished I could have done more for others rather than doing things for myself. I started to plan my future when I was at a high school and decided to graduate from a university one day and come back to the village to support my family and others.

I was lucky again. Before finishing the high school, I was offered a scholarship from a charity organization called “Inter Mountain People and Culture in Thailand”. I also got an education loan from the government to pay the tuition fees for university study.

I studied at Chiangrai Rajabhat University. My major was “English Studies”. To be honest, I had never liked English before, but I knew that one day I would have to use English in my future jobs and I always wanted to work in an international environment to support local people in Thailand. I knew it was a big dream and I was not sure at all if I would be able to make it.

But my dream came true. Child’s Dream Foundation offered me an opportunity to work with them for three months as an intern on a project site. I was very happy and appreciated their generosity and support. At the end of the internship, Child’s Dream offered me a contract to work as a full time member of staff with them. How could I refuse that opportunity? Of course I accepted it and worked with them for more than three years. I had such precious experiences and learned real life with them. I was so happy to realize my dream of working with many good, warm-hearted people.

However, I had to leave them, although I was very sad. It was a hard decision when I found that one day I had to choose whether to stay with Child’s Dream and work for others with that wonderful team forever, or leave Child’s Dream to follow my ambition of establishing a social enterprise for my village. It was not easy at all to make up my mind and I decided to ask for advice from my colleagues from Child’s Dream, Marc, Daniel and Manuela. I could immediately see that they were all worried about me, but they were supportive as always and I felt so great with their suggestions.

Finally I made a proposal to establish a social enterprise, Akha Ama Coffee, in 2009, but I didn’t have enough funds to open the coffee shop and office. In the end I once again asked Child’s Dream to find some grant to support my plan. It was so fortunate that I could submit the proposal for “Social Entrepreneurship Grant” or SEG program, which was going to be opened by Child’s Dream in 2010. My proposal was accepted as the first project under Child’s Dream SEG program. That was when I decided to establish Akha Ama Coffee on 29th March 2010, with the objective of supporting people in my village to get more profit out of the coffee plantations. Perhaps it seemed very strange to see someone from a charity background coming out to build a business for the community. I was so scared that the project would fail, because I had no business background, especially when I came across successful competitors. But I have never showed my fear to others. Every day, I used my experiences with Child’s Dream to build Akha Ama Coffee and make it known in the coffee industry.

I worked seven days a week and more than 15 hours a day to promote Akha Ama and distribute coffee beans from
my village. Unfortunately many people didn’t drink coffee at that time. Besides that, Thai coffee was not very popular. It was so hard to change people who already found their own coffee and change their mind. There was no name, a poorly-known brand, and it was difficult to find our café because it was hidden on a very complicated small road in Chiang Mai.

Nine months passed with lots of stress and I was still running around to distribute sampling coffee to coffee shops, hotels, restaurants and supermarkets. It was so lucky when people started to hear and talk about us and after nine months I finally found several customers to drink and use our coffee in their coffee shops. The media and people started to publish our story to support our community.

In 2010, we could distribute two tons of coffee from our village. In 2011 we distributed slightly more than five tons of coffee and in 2012 we distributed more than 15 tons of coffee. Starting with one family, i.e. my family, in 2010, we now have 17 families working together to produce high quality coffee. Our coffee plantations were expanded from one village (Maejantai village) to three villages (Maejantai, Baan Doingam and Baan Siblang). Akha Ama Coffee is still working hard every day to provide the best distribution channel with quality coffee from the villages. Akha Ama always believes in equality of all stakeholders from coffee farmers, coffee lovers, businessmen and ourselves to establish sustainable development. As we are coffee farmers, we are working hard every day to grow and process only the best coffee. Coffee lovers are getting slowly but surely to understand us and appreciate our coffee. One of the most interesting thing is both coffee farmers and consumers are cutting out the intermediary from the process, and eventually these two parties now understand each other better.

Coffee culture had already been introduced in Thailand a long time ago. However, it was not something Thai people loved like people from other countries do.

Now, Thai coffee culture is developing more and more with global trends. Some Thai people drink coffee because it is cool or the fashion, some people drink coffee because of sociality, and some people are real coffee lovers who are seeking great quality coffee only. Lucky enough for Akha Ama, we have all of those people plus many people who would like to support communities. In addition, we have many coffee lovers from other countries. Today our coffee is drunk by all nationalities in Thailand.

Akha Ama has not tapped the international market yet, but we are learning step by step and we will surely distribute our coffee overseas for world coffee lovers who wish to support coffee farmers. We don’t sell coffee just to help farmers, but we produce real quality coffee, which could be everyone’s favourite.

Akha Ama Coffee was selected by Speciality Coffee Association of Europe to use for World Cup Tasters Championship for three consecutive years from 2010. In 2011 it was selected on the same stage in Maastricht, Netherlands, and in 2012 it was selected in Vienna, Austria, as well. Of course we keep striving to produce the best coffee in the world and aim to be selected for the same competition this year again. With the farmers’ hard work, we believe coffee lovers will never disappoint in the quality of our coffee.

Akha Ama organizes “The Coffee Journey” every year to put coffee lovers and coffee farmers together. By joining the journey, participants learn about real life in villages, coffee processing and all quality control processes until they are drinking coffee correctly.

In 2013, Akha Ama is working with coffee farmers to generate high quality coffee, taking more care of the environment by growing lots of fruit trees on coffee farms, and educating farmers and customers, giving them new skills and knowledge. We believe nature doesn’t belong to us, but that we belong to nature. We hope nature and humans can live happily together as in the past.
A Fact Finding Report on the Globalization of Swiss SMEs - The Swiss Hippo Becoming Native to Asia's SME Habitat

The keen reader of the popular business press may have already stumbled across the term “Entrepreneurial Gazelle”. This term is attributed to MIT economist David Birch who was the first to use it to describe young companies that grow at an impressive speed throughout the first years of their company life. Whilst no unique definition exists for what precisely constitutes a Gazelle, the Organisation for Economic Co-operation and Development (OECD) has suggested the following standard. According to the OECD, a venture ranks among Gazelles if it is less than five years old and the staff growth rate exceeds 20 percent per year over a period of three years. Furthermore, it ought to have at least 10 employees at the beginning of the observation period. Without any doubt, a progression rate of this magnitude is truly impressive and important. Besides, this is all the more important for the Swiss economy as it consists almost entirely of Small and Medium Sized Enterprises (SMEs). According to the Swiss Ministry of Economics, 99.7 percent of all Swiss firms fall into this bracket. This fact highlights the urgency of promoting the growth of Swiss SMEs.

Yet, as important as the aforementioned Gazelles are, to our mind, those firms which we label as “Entrepreneurial Hippopotami”. We define Entrepreneurial Hippopotami as SMEs that have focused on their domestic market for a long period of time, before they suddenly expand their businesses internationally. What is more, they typically display extraordinary growth figures, especially in terms of staff growth.

As part of our research we have followed seven such Entrepreneurial Hippopotami of various industries over more than five years. We analyzed company data, evaluated publications about these firms and interviewed the top management of those companies. These ventures which are often referred to in literature as Reborn-Globals or Born-Again Globals* had one characteristic in common: over years they were not present in the international arena until a trigger-event heralded their internationalization activities. Among the recorded case companies those periods of domestic focus varied from 24 to 139 years.

Before the trigger-event – and here we observed the first commonality among beast and organization – the biological as well as the organizational hippopotamus are alert. Trespassing intruders competing for food sources may thus cause tension for the biological hippopotamus. As far as the Entrepreneurial Hippopotamus is concerned, it is almost without exception the small size of the Swiss home market that causes stress. They consider the national market for their products as too small to generate the business they have strived for. This pressure induces the management of the

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Entrepreneurial Hippopotamus to keep an eye out for business opportunities abroad.

Similar to biological hippos, Entrepreneurial Hippopotami are apparently sluggish creatures that unexpectedly leave their comfort zone to suddenly display a burst of speed. Whereas the natural hippopotamus rises from the water, the Entrepreneurial Hippopotamus reaches out beyond national borders. Such sudden changes in behavior, however, require the above-mentioned trigger event. This is the case for the animal as well as for the organization. In the companies we have surveyed those impulses were mainly a result of changes in the top management team, respectively of changes at CEO level itself. In one case the internationalization activities were induced by a major client venturing abroad. The spurt following the internationalization trigger was impressive: on average the number of staff increased by 15.7 percent p.a., in one case even by 55.5 percent p.a. Not quite as high, but nevertheless outstanding, was the development of the turnover figures. Among the seven companies surveyed sales grew by 7.4 percent p.a. and in one case even by 13.8 percent p.a.

Hence, here too, the parallels with animal kingdom proved true. Clearly, a Gazelle reaching a speed of up to 100 KMPH is faster than any Hippopotamus. Yet, when sprinting, a hippopotamus can reach a top speed of a noticeable 50 KMPH. What is more, the biological as well as the Entrepreneurial Hippopotamus move far more mass than any Gazelle. The potential impact of an Entrepreneurial Hippopotamus on its environment must therefore not to be underestimated. A numerical example illustrates this base effect: if an Entrepreneurial Gazelle grows at a rate of 20 percent p.a. over a period of three years from 10 employees to 17 the relative three-year growth of 70 percent is certainly remarkable. Should, however, an Entrepreneurial Hippopotamus grow at significant less speed - i.e. at an average rate of 15 percent p.a. as the case with our sample firms - within three years from a staff of 100 to 152, the relative growth rate of 52 percent may be far less impressive, yet the number of generated jobs is with 52 far more impressive than the seven positions created by the Gazelle.

But also something else became apparent throughout our research: the activity burst displayed by the Entrepreneurial Hippopotamus is short-lived. The biological hippopotamus aborts its sprint after a few hundred meters and correspondingly the growth engine of the Entrepreneurial Hippopotamus works to capacity for a period of three to five years. Thereafter growth rates recede, yet the base figures will consolidate on a significantly higher level than before.

What is furthermore noteworthy is that all CEOs of the firms covered had previously gained substantial experience abroad. Some were educated abroad, built up work experience in a foreign country, or had at least worked for a multinational company. Numerous CEOs even fulfilled several of those characteristics. Accordingly we suggest that the familiarity with international surroundings imprints and fosters the entrepreneurial sensors of those leadership people. We argue that the threshold levels that need to be reached in order to trigger the internationalization activities are substantially lower among this group of people than with decision makers that have not previously gained any international experience.

As far as the grazing grounds of our Entrepreneurial Hippopotami are concerned, we could also make some striking observations. The prime destination for the mature Swiss SMEs that suddenly internationalized was Asia jointly with the European Union: all, i.e. 100 percent of the surveyed enterprises do significant business in Asia. North America, by comparison, is only catered by approximately 70 percent of our sample firms. This is all the more surprising as the average Swiss SME behaves truly differently: only 51 percent of ordinary Swiss SME are active in Asia. In this context it is furthermore noteworthy that “doing business” most often not only refers to selling products: quite the opposite, all of the companies we have spoken to also procure abroad, and nearly 60 percent of the case companies have established operations, do outbound logistics, and offer services abroad. This is furthermore reflected by 70 percent of our sample firms having set up proprietary infrastructure internationally.

Another fact was unearthed by our research: we could not identify any factors that brought a mature SME in particularly good starting position for its international endeavors. Be it turnover, number of employees, profit, social networks, strategies, competitive positions, economics of scale – all of those factors varied largely in the surveyed case companies. None of these potentially influencing parameters yielded any clues as to whether the internationalization activities would be fruitful or not. On the contrary, in most cases any relevant social networks and operative strategies would emerge during the internationalization of the firm.

An additional finding is worth highlighting: the learning processes our Swiss Hippopotami went through after initiating their internationalization process was astounding. Often the alien environment not only posed new challenges, but apparently triggered creativity and out-of-the-box thinking. One company, for example, which had previously focused on producing cables for cable cars had its international breakthrough when winning the contract for building the rooftop of Bangkok International Airport. After some modifications the cables which were previously used to ferry cable cars up and down the Swiss mountains were now put to a new purpose, holding up the roofs of Suvarnabhumi Airport.

Despite us being constantly on the lookout for Asian Entrepreneurial Hippopotami foraging into Swiss...
migrations in this direction can potentially yield abundant benefits to the immigrating Asian venture. Switzerland may have a limited domestic market for certain goods (e.g., cable cars), but on a global scale the Swiss Economy may very well be an interesting target for specific product groups. As a country very poor in natural resources we would not be surprised if some Asian Entrepreneurial Hippopotami would establish themselves as wholesalers in the Swiss metals sector, the petroleum industry, or in the areas of precious metals and gemstones. On the retail level, the Swiss market would always be welcoming for first-rate consumer products that cater to the Swiss client who typically has a high average income, a pronounced preference for quality and who is generally environmentally conscious.

Due to their sheer size and seeming sluggishness Hippopotami are regularly being underestimated. Yet, because of their build and the speed they can gain, they also pose a significant danger. Our research has shown that Entrepreneurial Hippopotami can develop similar dynamics in international markets as do their beastly counterparts in the wild. Should a mature SME start spurting, it may become dangerous for some domestic competitors. Yet, as our study has also revealed, the host country economy will typically also largely benefit from the immigrating Entrepreneurial Hippopotamus. It will very likely not only create a substantial number of jobs, but will also probably invest in infrastructure in its new environment. And once it ventures abroad the Entrepreneurial Hippopotamus is likely to stay.

*We consider these terms as potentially misleading as they can be misinterpreted in a way that those companies had been globally operating beforehand.
Market Entry in Asia: Industry & Cultural Intelligence Vital

The globalization of small- and medium-sized enterprises: The untapped potential of academic platforms in emerging markets for successful market entries

In today’s global economy, firms cannot afford to lag behind in evaluating the vast business opportunities in emerging markets – especially in Asia. Still, particularly small and medium enterprises (SMEs) are challenged by entering and grabbing a hold in Asian markets as they are confronted with insufficient access to local insights and an exposure to high business risks in these promising but unfamiliar markets.

Market entries are costly and risky and SMEs, in particular, need to opt for a high efficacy in using their limited (financial and human) resources. Thus, it becomes crucial for managers of SMEs to make the right decisions throughout the whole process of a market entry: evaluation, planning and preparation, implementation, and continuous improvement of local operations. In other words, executives need to gain substantial knowledge about local market conditions and keep their expertise up-to-date on a regular basis. While publicly available studies and market research reports may serve fairly well to get started, derived insights are far from sufficient to create a competitive advantage in Asia. A recent study of the McKinsey Global Institute (MGI) also reveals that companies strongly rely on functional best practices rather than novel and exclusive insights to develop their competitive strategies. In this respect, the expectations of SMEs and also multinational corporations (MNCs), to be successful in emerging markets by following common best practices, basically contradict most major insights of strategic management research from the last decades.

At the heart of the problem of entering into emerging markets in Asia are “institutional voids”. Many of these markets undergo a transition process from a more or less centrally planned to a free market-oriented economy which is why not all formal institutional arrangements such as the judicial system, regulatory bodies or market research agencies are yet in place or as established and reliable as one might be accustomed to from industrialized countries. These “institutional voids” not only open room for opportunism among business partners through the lower levels of law enforcement but also create high uncertainty due to dynamic and unexpected regulatory changes determining the overall market conditions. Both the challenge to understand the current and future developments of an industry as well as the local business culture require strong networks in Asia.

Networks in Asia: THE door opener and ONLY safeguard

A recent study by Moser and Kuklinski with almost 100 interviewees affirms that managers in Asia strongly rely on
trust has rather a rationale than an affective character and can be described as calculus - or deterrence-based trust – or in other words as mutual vulnerability.

Usually two business partners do not consider exploiting one another’s vulnerability, since the potential risk of losing also their own reputation is too high. In China for example, a loss of Mianzi can lead not only to being driven out of business, but also to getting expelled from social life. On the contrary, good Mianzi is honoured with high rewards: one can benefit from new business opportunities through a business partners’ networks – also known as ‘network based growth strategies’. Similar patterns can be seen in many markets throughout Asia such as in India or Thailand.

The cultural lens: Trust in Asia equals mutual vulnerability

From the perspective of many Asian managers, the world is undergoing a continuous process of change and solely (business) relationships are perceived as a reliable constant in Asia. Hence, trust and reliance upon guidance through formal institutional arrangements is comparably lower than in industrialized countries. This is why Guanxi (Chinese for relationships) and other concepts for the role of networks and relationships take up a crucial role to safely persist in such continuously changing business environments: One has to rely upon trusted business partners within one’s professional formal and informal network to minimize the risk of each new investment since law enforcement is mostly weak.

The resulting challenges are of intercultural nature: How do you know if a Thai business partner is trustworthy? How to develop a professional network in India? How to develop trust with Chinese business partners in a professional network? In this context, managers take the chance to exchange insights about current and future developments in their “industry”. The knowledge exchange within one’s professional network is considered to be highly valuable and often even more reliable than any other source of information. Since knowledge is a subjective notion, a network’s size becomes a valuable asset: one can draw upon multiple perspectives of persons who have expertise in distinct focal areas. Thus, the larger and the more diverse the network, the more valuable insights can be retrieved to support navigating through the turbulent business environments of Asian markets.

Especially during informal occasions, managers who conduct a market evaluation or plan a market entry about how to systematically establish the necessary local professional networks, we mostly hear that they are used to participating in “Missions to…” or regularly visit conferences in the target markets. Some also rely almost exclusively on the business development support “agencies” in the target markets sponsored by their headquarters’ governments. Are these approaches efficient and effective? Partially.

How to get valuable insights (almost) for free

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Especially in such turbulent markets, managers are mostly forced to concentrate on the here and now - the current market conditions - and to fully understand all its facets rather than delving into potential future developments which might evolve differently anyway. This is fairly
challenging since managers need to invest substantial efforts into gaining and analysing the necessary information in order to take such a sharp snapshot. While some may label this inefficient, others term it environmental scanning enabling managers to detect weak signals or novel insights.

In this context, integrating various perspectives on current hot topics – gained from one's professional network – allows executives to take a holistic picture of the "here and now," to seize existing and to sense emerging business opportunities, and to frequently leverage new insights. Hence, it becomes crucial for current and potential business partners to meet on a regular basis. In addition, this not only demonstrates personal interest and commitment but also unveils new access to other informal occasions (or social events) which enable to build/extend one of the most valuable assets in Asia: Relationships. Yet, the challenge is to get access to networks to develop relationships – effectively and efficiently.

**SMEs & academic platforms in Asia: Moving forward together**

The major challenge for SMEs is to find a way to grab hold of these formal and informal professional networks without enormous financial and other investments. In this respect, academic platforms can support newcomers with neutral playgrounds to establish and to extend professional networks in Asia. The assumption that a firm's reputation can easily bridge a missing access to professional networks in Asia is a wild thought - especially in the case of SMEs which are often labelled as "hidden champions". Here, SMEs clearly have disadvantages when it comes to leveraging benefits from a reputation which simply might not have spread widely enough or as far as China, India or Thailand.

Even if spread widely, it is a naïve belief that a firm's reputation is sufficient to bridge major challenges in this context. Managers build individual professional networks but the challenge is "simply" to get started. One approach of large enterprises is to establish also collaborations with local research universities. For example, EADS has endowed a chair at the Indian Institute of Management, Bangalore, to support the local Aerospace & Defence industry development and collaboration; Audi has launched an EV-partnership with Tongji University, Shanghai and there are many more examples. Universities in emerging markets can offer neutral ground for Western SME managers to meet their local peers. Executives gain access to informal occasions (often accompanied by social events) and take their chance to exchange the newest insights and to widen their professional networks. The value of such neutral grounds for gaining access to further networks has been increasingly recognized by large enterprises, while SMEs are often challenged due to limited (financial and human) resources available.

As in most Asian countries the rules of the game are "slightly" different to industrialized countries (e.g., enforcement of legal contracts) and successful business development largely depends upon the trustworthiness of business partners. Yet, trust is associated with mutual vulnerability in professional networks and is of a rather calculative nature - trust is built on overlapping networks rather than affective notions and emotional bonds. In short, foreign managers can have a high level of confidentiality to engage into joint investments (in JVs or Buyer-Supplier relationships etc.) if they can be sure that both parties (foreign and Chinese partner) can "hurt" another's reputation significantly due to overlapping personal or professional networks at an early stage – and increasing joint economic investments at a later stage. Again, neutral but well reputed academic platforms in Asia and regular meetings of senior executives at informal occasions offer an ideal environment to create these overlapping personal and professional networks so that no involved party has interests in "ruining" his/her Mianzi for a few more Renminbi, Bhat or Rupees in a business deal and potentially losing his or her reputation in the business community.

**ASIA CONNECT Center-HSG**

The ASIA CONNECT Center (www.acc.unisg.ch) at the University of St. Gallen supports Swiss and European SMEs and MNCs in different key areas while leveraging its access and partnerships with leading business schools and other organizations in China, India and Thailand. First, the *industry intelligence platforms* of the ACC-HSG in China, India and Thailand not only provide local managers with fresh insights into the future institutional environment of specific industries in these Asian markets but also offer Western managers of SMEs and MNCs alike efficient and effective access to privileged and novel insights, as well as opportunities to establish informal and formal networks with local decision makers in their industry and to develop the necessary overlapping networks in order to create mutual vulnerability with local business partners. Second, the studies of the ACC-HSG in collaboration with its local academic partners in Asia on how to master difficult management situations in Asia, for example on how to do business with State-Owned Enterprises in China, support Western managers during their preparation for business trips, negotiations or joint venture discussions. Finally, the ACC-HSG works with MNCs as well as SMEs on the development of new business models in emerging markets, offering its corporate partners access to efficient market research, networks with local authorities and the opportunity to jointly organize pilot studies and platforms to experiment with new ideas and approaches.
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Khun Udom Wongviwatchai, Secretary General of the Board of Investment (BOI) of Thailand, in an exclusive interview with Martin Schneider of SACC on 22 January 2013 in Bangkok, talks about policy changes aimed at boosting industrial growth, especially exports, which constitute the mainstay of the Thai economy, and the need to attract more high-value businesses into the country. Excerpts.

Khun Udom, in October 2012 you took over the position of the Secretary General of the BOI. Prior to BOI, you were at the Office of Industrial Economics of the Ministry of Industry. What have been the major challenges for you so far at the BOI?

Udom: The BOI is a new place for me. There are lots of new things to learn and to study. There are big challenges ahead. We are working on a fundamental change in BOI policy. Our government has set the vision for the future and the BOI’s task is to implement this vision with tangible actions and incentives for investors to enter or to expand their operations in Thailand.

Schneider: What is the main reason for changing BOI policy after more than 10 years of remarkable success?

Udom: The main driver for change is the emergence of the ASEAN Economic Community (AEC) by 2015. The AEC will lead to increased competition for investments among the ASEAN member countries and will create more opportunities for Thai investors to invest overseas. I would like to mention that Japan, being the largest investor in Thailand, is expected to invest more in ASEAN overall. Also, the global business trend is changing: technology leapfrog, higher investment in the service sector and the emergence of fast-growing businesses such as healthcare, the creative industry, the green industry, alternative energy and energy conservation and Corporate Social Responsibility (CSR).

Schneider: How well is Thailand positioned with respect to these global trends?

Udom: As you know, Thailand has been caught in the middle income trap for decades. We have attained a certain income level and have got stuck at that level. We need to break out of that. Thailand’s economic structure relies heavily on exports and is therefore sensitive to global changes. Economic inequality in Thailand is high and the income gap is widening. Thailand’s competitiveness is still low, especially in Science & Technology and logistics. R&D expenditure has remained at the low rate of 0.2% of GDP for decades. The country faces labour shortages both in quantity and quality. We have a very low unemployment rate of only 0.2%. There is little justification to attract high energy consuming, new heavy industry to settle down in Thailand, as energy security will become a major problem in the future. On the other hand, we need to attract more high value businesses as we have lowered the corporate income tax from 30% to 23% in 2012, and down to 20% this year. Import tariffs have been lowered due to several Free Trade Agreements. This has...
consequences as to how we develop our country further.

**Schneider:** Lots of challenges ahead, indeed. What’s your strategy to cope with these challenges?

**Udom:** In order to cope with these challenges, we need to promote high-value industries, taking better care of our environment and to push Thailand as a logistics hub for the ASEAN region.

**Schneider:** What are the focus areas specifically and in what time frame do you think your strategy will be fully implemented?

**Udom:** We will start to implement our new strategy in 2013 by focusing and prioritizing investment promotion. We will distinguish between new and re-investment projects. We will prioritize by modifying the incentives. We also have plans to amend the Investment Promotion Act to unlock some limitations in our investment promotion privileges.

**Schneider:** For a foreign investor, what incentives will actually change compared to the present BOI promotion scheme?

**Udom:** We will no longer grant tax incentives across-the-board. In fact, we will reduce tax incentives; instead, we will provide additional incentives on the projects’ merits to encourage competitiveness enhancement such as R&D, environmental protection, etc. The most visible change you will notice will be the abolishment of the 3-zone-based incentives. We will promote new industrial clusters in each region or border area to create some new investment concentration. Our strategy will be to facilitate through non-tax incentives and “one stop” services, in order to reduce barriers by improving investment rules and regulations, to promote and coordinate human resources development for supporting the industrial sector. The BOI should really integrate the support from various government agencies in one comprehensive package. This is our goal.

**Schneider:** What activities will no longer receive BOI promotion compared to the existing policy?

**Udom:** In line with the new strategy, we will stop promoting certain industries. With this I mean that we will drop incentives to low-value added, low technology or low complexity and labour intensive industries. These would include primary rubbery, glass packaging, consumer plastic products, paper articles, abrasive paper, body care products, tea and coffee, candy, chocolate, e-commerce business, medium or low income housing and a few others. The same applies for industries which require lots of energy and are environmentally unfriendly such as smelting operations, marble or granite mining, fire-resistant materials or heat insulation producers, etc. Last but not least, we will drop promotion for projects which are concessions, receive State protection or are in conflict with relevant laws and regulations of certain ministries. These include concession roads, telecom activities, hospital activities, etc.
Schneider: What are the areas which will receive incentives in the future?

Udom: We are currently working out the details of these incentives. But what I can say today is that one key element, the Corporate Income Tax Exemption of between three and a maximum of eight years will apply to projects in the following four areas: (1) industrial foundation projects, including basic infrastructure and logistics for industrial development, (2) advanced core technologies that help to elevate the Thai industry, (3) industries that are developed from domestic resources and exhibit Thainess, and (4) industries for which Thailand has a competency to be a global manufacturing base (Global Supply Chain).

Schneider: Can you please provide our readers with some concrete examples on projects related to industrial foundation?

Udom: Well, here I can mention projects in gas-fired power generation, water supply for industrial purposes, commercial airport and logistics centers, machinery, petrochemicals, medical devices, medicine, medical food, scientific equipment, R&D, engineering design, software, etc.

..and what industries would fall under the “Thainess” category?

Udom: Industries that fit in the Thai identity well are tourism, Thai motion picture production, retired home and care centres, etc.

Schneider: From your point of view, what are the industries in which Thailand is competent to be a global manufacturing base?

Udom: In the automotive sector we are very strong, including the production of cars and motorcycles; in the future I would also see the production of electric trains, aircraft and shipbuilding in this category. Furthermore, it also includes electronic design, electronics, HDD & SSD, solar cells and white goods. In some of these areas we are already a leader in the world’s supply chain.

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BOI Headquarters
Myanmar & Switzerland
Intensify Ties, But a Long Way to Go

The former Prime Minister and military general U Thein Sein was elected President of the Union of Myanmar on 4 February 2011, and on 30 March 2011 he was sworn into office. After almost 50 years of military rule, the President has accelerated the political, social and economic transformation process in Myanmar and generated much international goodwill by releasing political prisoners, initiating the necessary steps to eradicate forced labor, liberalizing the media and successfully letting the opposition party participate in the by-elections of 1 April 2012. The opposition won 44 of the 45 available seats – a victory of a rather symbolic nature, however, given that 44 seats means only about 6.0 percent of all parliamentary seats. In the economic field, the new Foreign Investment Law, which came into force on 2 November 2012, was particularly applauded as a step in the right direction.

Global Community's Answers to Political & Economic Transformation

The international community reacted decisively to Myanmar’s progress in the areas of human rights, democratization and economic opening by normalizing relations with the second largest Southeast Asian country. In 2012, President U Thein Sein met amongst others, US President Barack Obama, UK Prime Minister David Cameron and Japan’s Prime Minister Yoshihiko Noda. The EU and countries such as Australia and the US have significantly relaxed sanctions imposed on Myanmar’s military dictatorship. In January 2013 the so-called Paris Club, an informal group of industrialized creditor countries, agreed to cancel half of Myanmar’s debt arrears, lowering them by around USD 6 billion. The World Bank and the Asian Development Bank announced that USD 440m and USD 512m, respectively would be allocated to support Myanmar. Finally, the Association of Southeast Asian Nations (ASEAN) accepted Myanmar to the ASEAN Chairmanship in 2014 as provided by the ordinary ASEAN chairmanship cycle.

Switzerland’s Swift Reaction

Switzerland also reacted swiftly after the April 2012 elections and built a solid foundation for the further deepening of its bilateral relations with Myanmar within only a few months: on 9 May 2012, the Swiss Federal Council decided to substantially reduce the sanctions imposed against Myanmar in 2000 to an embargo for munitions and goods which can be used for internal repression. Assistant State Secretary for Asia and Pacific, Ambassador Beat Nobs from the Federal Department for Foreign Affairs (FDFA) visited Myanmar from 21 to 25 May 2012. A few days later, from 13 to 15 June 2012, Myanmar’s opposition leader and the winner of April’s elections, Aung San Suu Kyi, visited Switzerland. She first participated in the 101st Conference of the International Labor Organization in Geneva, where she stressed the problems of youth employment, called for international support in consolidating democracy and invited socially responsible investment in Myanmar. In Bern the Nobel Peace Prize laureate was received by the Swiss President Eveline Widmer-Schlumpf.
and the Federal Councillors Simonetta Sommaruga and Didier Burkhalter, before attending a session of the Swiss Parliament. From 1 to 4 November 2012, the Head of the FDFA, Federal Councillor Didier Burkhalter visited Myanmar and officially inaugurated the Swiss Embassy in Yangon, which is headed by Ambassador Christoph Burgener. In establishing its new representation in Myanmar within such a short period of time, Switzerland largely benefited from existing structures set up in previous years by the Swiss Agency for Development and Cooperation, which provides humanitarian and developmental aid in Myanmar and has recently decided to reinforce its engagement with a substantial development program.

**Launch of Bilateral Economic Dialogue at WEF 2013 in Davos**

During his meeting with President U Thein Sein in November 2012, Federal Councillor Burkhalter mentioned amongst other things a proposal of the State Secretariat for Economic Affairs (SECO) to establish a bilateral dialogue with Myanmar. Myanmar’s President showed interest in the idea and State Secretary Marie-Gabrielle Ineichen-Fleisch, Director of SECO, and Myanmar Vice Minister for National Planning and Development, Set Aung, were soon afterwards able to sign a Memorandum of Understanding (MoU) launching a bilateral dialogue on economic, investment, labor and trade matters (economic dialogue). The MoU was signed on 26 January 2013 at the World Economic Forum in Davos. The Head of the Federal Department of Economic Affairs, Education and Research, Federal Councillor Johann N. Schneider-Amann, together with the Minister of the President Office, U Soe Thane, as well as several high ranking representatives of Swiss business attended the signing ceremony.

The short MoU mainly sets forth the objectives and the scope of the economic dialogue and the most important principles of organization and procedure. The text makes clear that the participants in the dialog not only intend to focus on economic policies, market access barriers or the investment framework but also on labor questions and economic, social and environmentally sustainable development. In fact, SECO’s offices in charge of international labor issues and sustainable commerce are strongly involved in the shaping of the dialogue on the Swiss side. They will also participate in the first round of the dialogue, scheduled for November 2013 during State Secretary Ineichen-Fleisch’s economic mission to Myanmar.

**Perspectives for Strengthening Bilateral Economic Relations**

The signing of the MoU is a first step on the inter-governmental level to intensify bilateral economic relations. It must be understood that bilateral economic relations between Switzerland and Myanmar were neglected during the decades of the military regime. It therefore does not come as a surprise that at present, only one bilateral agreement of economic relevance is in force between the two countries, the bilateral air transport agreement of 1960. Myanmar has been a member of the World Trade Organization (WTO) since 1 January 1995, however, and at least through this organization the country has entered into some basic legal commitments with respect to its trade policy and regime towards all other WTO members, including Switzerland. Provided that the political and economic transformation process in Myanmar proves to be sustainable, it is imaginable, that after a few rounds of economic dialogue Switzerland and Myanmar will decide to strengthen their bilateral legal framework and start to speak about substantial economic agreements such as bilateral investment promotion and a protection agreement, a double taxation avoidance agreement, a general commerce agreement or even a free trade agreement. In short term, however, it is important above all to establish contacts at all levels and to identify the potential for mutually beneficial cooperation. State Secretary Ineichen-Fleisch’s economic mission and the economic dialogue will fruitfully contribute to achieving this aim very soon.
Market Potential

As far as business-to-business relations are concerned, figures of trade in goods prove above all the potential for significant increase: Swiss exports to Myanmar amounted to only CHF 4m in 2011 and to CHF 3m in 2012. Imports from Myanmar were equally low with CHF 1.6m and 5.6m in 2011 and 2012, respectively. Switzerland mainly imports apparel and gems from Myanmar. The main export items are pharmaceutical and chemical products. The Swiss National Bank’s figures on Swiss direct investments in Myanmar are confidential but it can be said that investments are comparatively low and on the rise. At the same time, it seems that there is room for more as Myanmar’s economy will grow 6.3 and 6.4 percent in 2013 and 2014, respectively, according to the most recent estimations of the International Monetary Fund (IMF). It will be decisive for Myanmar’s continuous integration into the global market, whether the country manages to stay firmly on its reform path. After all, Swiss business representatives are convinced of the potential of a politically and economically opening Myanmar - a country with abundant natural resources such as arable land, forests, freshwater and marine resources, minerals, gas, gems and jade. This potential will probably be tapped by a few Swiss companies only in the short term. For a larger number of Swiss businesses, Myanmar is more likely to become an interesting market in the medium and long term. It must not be forgotten that Myanmar, with its annual per capita income of just above USD 900 and several ethnic conflicts, is still classified as a less developed country and a fragile state. The business environment is challenging and sustainable economic growth and sustainable business goes only in line with high standards of corporate social responsibility. Myanmar President U Thein Sein has taken the right turn towards sustainable and inclusive growth and Myanmar can now see a promising future on the horizon. But it still has a long way to go.
East Timor: Towards Stability through Freedom & Peace

For decades José Ramos-Horta campaigned for East Timor’s independence. He achieved his objective in 2002. He was Foreign Minister, Prime Minister and the country’s President from 2007 to 2012.

The 1996 Nobel Peace Prize laureate visited Switzerland over the weekend at the invitation of the Swiss-Asian Chamber of Commerce and the University of St. Gallen “Asia Connect Center”, where he gave a speech at the University of St. Gallen, discussed topics with students and met with entrepreneurs. Ramos-Horta also presided over a foundation for East Timor is to be established in St. Gallen for setting up various projects in that country.

Nobel Laureate and EX-President of East Timor, Dr. Jose Ramos Horta visited Switzerland in early November 2012 at the invitation of the Swiss Asian Chamber of Commerce in the Schweiz. He stayed at Lake Constance, St. Gallen and Zurich, and lectured at the University of St. Gallen, as well as during a lunch meeting of the Swiss Asian Chamber of Commerce in Zurich.

The Timor Foundation established their headquarters in Castle Wartensee Rorschacherberg. Dr Ramos-Horta presented Timor Leste as a country which is now on the right track. Important for political stability and for the expansion and development of the basic needs of the people who are living there.

The country urgently needs help and assistance in developing a sustainable infrastructure, agriculture in the health care system, education, etc. The country has oil reserves.

The population is growing rapidly, demographic development shows good numbers, and there are plenty of opportunities to discover this country for entrepreneurs.

We have conducted an interview with Dr. Ramos Horta, which was also published in the daily paper of St. Gallen.

East Timor’s struggle for independence took a long time, and José-Ramos-Horta was a driving force. Later the country’s former president and now a Nobel Peace Prize laureate, he looks back on East Timor’s development.

Focussed on reconciliation

Mr Ramos-Horta, you are one of the founding fathers of East Timor, which became independent in 2002. How has the country developed since then?

José Ramos-Horta: We had very difficult
years of development and were on the brink of a civil war in 2006. Hundreds of refugees inhabited my official residence at that time. I had the doors open and was distraught. Had we striven for independence in order to tear ourselves apart? But I continued to carry on my official duties, we had budget sessions. The state also functioned in this existential crisis, and pacification was successful thanks to prompt help from abroad. In retrospect I must say: it was this young nation’s test of maturity.

You almost lost your life during a shootout on your property in 2008. Later you pardoned the assailants. You always disallowed the demand of a tribunal to bring the criminals of the Indonesian occupation period to justice and emphasised that reconciliation is more important than punishment. Why?

Ramos-Horta: Well, in the case of the shots which almost cost me my life it was a series of extremely unfortunate events, because actually the rebels had sought a dialogue with me. They surrendered on the same day as I was discharged from the hospital and apologised. Even if I have always been criticised for their pardon because they set a bad example, I stand by this because it was precisely a sign of reconciliation.

And when I consider the present-day close relations with Indonesia, which has become an advocate of our interests, then I also see my view as affirmed in this context.

ultimately consider that as an Indonesian affair. And I will never forget that it was Indonesian students who forced the dictator Suharto to resign with their protests and thereby cleared the way for peace negotiations on the East Timor issue. The basis for this was our policy – even in the worst times of oppression – of never making the conflict a religious confrontation between a preponderantly Islamic country and a Christian country or to indiscriminately defame the Indonesian people. As a result, the path to reconciliation was always open.

How do you see the current situation in East Timor?

Ramos-Horta: We are still a very poor country. But for half a decade the economy has been growing at double-digit rates. Thanks to our oil fund, established according to the Norwegian model, we have over 11 billion dollars tucked away. Now it is important to develop the country, particularly in terms of infrastructure, education and agriculture. The prospects are good.

With an average age of 19, your country’s inhabitants are just half as old as those in industrialised nations. Does your optimism also apply to the 400,000 people in East Timor who are under age 14?

Ramos-Horta: All children will attend a school within five years. These are tremendous advances which will pay off. We are on the right path.

You have described East Timor as one of the world’s most studied countries. Over 3,000 studies have been made since independence. Are you satisfied with the results?

Ramos-Horta: I have not read these studies for a long time. They are the product of a sprawling bureaucracy, particularly in terms of foreign aid. That is why a majority of the billions which were earmarked for East Timor and which made us – calculated per capita – the world’s most supported country, never reached us.

Just one example: As President I diverted some money from my travel expense account in order to build a few houses for people who had lost their shelter during the disturbances in 2006. These were simple huts, and the costs were 2,000 dollars per house. We knocked on the door in Brussels and asked for money in order to be able to build a settlement. Weeks later a letter arrived. Our intention was welcomed, and as the first thing an architect would be commissioned to develop a project. Estimated cost: 100,000 dollars.

Then you do not think much of the EU?

Ramos-Horta: What do you think? Of course there is this sprawling bureaucracy. But the European Union is an excellent institution. That is also why I recommended it for the Nobel Peace Prize. Indeed, I have been in and out in all of the UN’s institutions for decades.
And it was and is always the EU which had lastingly stood up for peace and human rights.

**Dr. Ramos-Horta Interview: by Urs Fritze (St. Gallen Tagblatt)**

**Looking back into the past**

In February 2006 it was announced that UN Security Council considered Ramos-Horta to succeed UN Secretary-General Kofi Annan. “I am not a candidate, but I’ll think about it. I have considerable support, my potential candidacy would meet the expectations of millions of people around the world,” said Ramos-Horta.

After Ramos-Horta was sworn in on 10 July 2006 as the Prime Minister of East Timor, he said in his inaugural speech, he did not want to be UN Secretary-General for the moment:

“In conclusion, until some weeks ago friends and supporters made me believe and wanted me to believe that I could occupy the 38th floor of United Nations Headquarters. Some friendly governments believed in my eligibility. I have got another mission here. I would never be a good United Nations Secretary General if I was not a good Timorese first, and a good Timorese must be in this country with his people in their moments of crisis. Perhaps then in 2012. Now the world has to wait as I have more pressing needs to attend to in Timor-Leste.”

Instead of Ramos-Horta, the South Korean Ban Ki-moon was chosen as the new UN Secretary-General.

In June 2008, Ramos-Horta was considered as a promising candidate for the office of the UN High Commissioner for Human Rights. He decided, however, not to accept the post, fearing renewed unrest in East Timor by the then necessary early election of a new head of state.

After the end of his presidency, Ramos-Horta was appointed UN Special Representative (Special Representative of the Secretary-General) for Guinea-Bissau by UN Secretary-General Ban Ki-moon on 1 January 2013. He succeeds Joseph Mutaboba of Rwanda: his term ends on 31st January.

**Swiss-Asian Chamber of Commerce will conduct a trade mission to Timor Leste in the 2nd week of May 2013**

We have the necessary documents which identify projects and investment opportunities for Entrepreneurs. If you are interested, we would ask you to request this.

Barbara Lietz, Chairwoman of Timor Leste, will inform you about the details.
CommunicAsia, 18 - 21 June 2013, Singapore

Bridging Communication Borders, Optimising Business Opportunities

CommunicAsia2013 being the Asia’s largest integrated info communication technology event, is instrumental in connecting the ICT industry. Industry professionals from around the world congregate at this annual event to obtain industry updates, witness product / service launches, optimise business opportunities and gain insightful knowledge from the industry's experts.

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CommunicAsia2013 is held concurrently with EnterpriseIT and BroadcastAsia2013. Themed Enterprising Solutions, Enabling Businesses, EnterpriseIT2013 is the event for enterprises to source for the latest IT innovations / solutions for their businesses.

Build Eco Xpo (BEX Asia) in Singapore 11 to 13 September 2013

Enhancing Your Competitive Edge in the Build Green Industry

BEX Asia is Southeast Asia’s premier business platform for the sustainable built environment. It provides a one-stop sourcing solution for cutting-edge technologies in building design and architecture for the future of greener communities. It is an event that enhances your insights and competitive edge into the world of Build Green.

BEX Asia brings together skilled professionals, key industry practitioners, specifiers and buyers from the region, to network and create business opportunities to build greener communities for a greener future. The International Green Building Conference 2013 (IGBC 2013) will be held alongside BEX Asia 2013.

World Engineers' Summit (WES) 2013

Engineers from multi-disciplines and climate change specialists from all over the world will congregate to share ideas and insight on climate change. The week-long event will include the World Federation of Engineering Organisations (WFEO) General Assembly 2013 and committee meetings which will be co-located with Build Eco Xpo (BEX) Asia 2013 to address sustainable and green solutions for the building sector.

Eco Expo Asia in Hong Kong 28 to 31 October 2013

Eco Expo Asia is the region’s leading trade fair for the environmental industry. The show is co-organised by the Hong Kong Government and supported by government authorities from the Chinese mainland as well as international consulates and trade commissions, making it a professional and influential exchange platform between business sectors and governments. In 2013 there will be the 8th edition featuring zones on Energy Efficiency and Energy, Green Building, Waste Management and Recycling, Eco-

friendly Product and Green Transportation. The annual high profile Eco Asia Conference held during the show features industry experts and academics from around the world, providing an ideal forum to establish strategic business contacts.

“SWISS Pavilions” at CommunicAsia, Build Eco Xpo and Eco Expo Asia 2013

T-LINK will organise a «SWISS Pavilion» at both exhibitions. The Pavilions will serve export oriented Swiss companies as an ideal Networking platform to access the local market or to extend present business relationships. Thereby T-LINK is at your service as a central contact and guide for an easy and efficient participation.

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Photo Feature of SACC Events
Upcoming missions/events/seminar - of the Swiss-Asian Chamber of Commerce

Fact Finding Mission to Timor-Leste
Areas to be visited: Dili and rural Area
Date: 6 to 17 May 2013

Mission to Vietnam led by Ambassador Nguyen The Phiet
Areas to be visited: Hanoi, Bac Ninh Province, Vinh Phuc Province, Halong Bay; Da Nang, Ho Chi Minh City, Vung Tau City, Binh Duong
Date: 3 to 12 June 2013

Fool – Proofing the SME and Start-Up in Challenging Times
Date: Wednesday, 20 June 2013
Time: 17:00 hrs – 19:00 hrs followed by Apero.
Venue: UBS AG, Aeschenplatz 6, 4002 Basel

Sri Lanka Forum
Date: Wednesday, 25 June 2013
Time: 10.00 hrs to 14:00hrs
Venue: Zunfthaus zur Waag, Münsterhof 8, 8001 Zurich

Ambassador’s Golf Cup
Date: 28 August 2013
Time: 10:30hrs to 22:00hrs, Tournament followed by Dinner and Award show
Venue: Wylihof Golf AG, in 4542 Luterbach / Solothurn

International Charity Event Timor Foundation
Co-organizer
Date: 1 November 2013
Venue: Würth Haus Rorschach, Churerstrasse 10, 9400 Rorschach

MIDA Event on Machinery Industry
Date: beginning of November 2013
Venue: Zunfthaus zur Waag in Zurich, Münsterhof 8, 8001 Zürich

Education Seminar
Protocol and Ethics:
Date: 13 to 14 June 2013
Venue: Castle Wartensee, Rorschacherberg

Communication in crisis management
Date: 24 to 25 September 2013
Venue: Castle Wartensee, Rorschacherberg

Leadership Skills
Date: 30 to 31 October 2013
Venue: Castle Wartensee, Rorschacherberg

For registration please contact the secretariat sacc@sacc.ch or +41 41 620 88 02
The Swiss – Asian Chamber of Commerce was formed by a merger of the Swiss - South East Asian Chamber of Commerce SEA and the Swiss - Korean Chamber of Commerce SKCC on Tuesday, May 24, 2005, in Zurich, Switzerland, as a private non-profit association. Its main purpose is to promote economic and business relations between Switzerland, Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste based on the principle of reciprocal benefit.

The Chamber serves as a forum for all firms, institutions, government bodies and individuals interested in the bilateral relations between Switzerland, Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka. The Chamber is a non-governmental association and receives no grants of financial aid of any kind. To maintain an efficient and member-oriented activity serving the interest of Swiss, Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan and Timor Leste business, the Chamber depends on the financial support of a strong and growing membership base.

The Chamber’s activities cover the following Asian countries:

- Brunei, Laos, Pakistan
- Vietnam, Cambodia, Malaysia
- Philippines, Thailand, Indonesia
- Mongolia, Singapore, Korea
- Myanmar, Sri Lanka, Timor-Leste

SACC offers its members a comprehensive range of services at preferential terms:

- **Business Contacts** – SACC provides assistance in establishing business contacts in Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste or Switzerland and in locating suitable agents, representatives, manufacturers and suppliers. SACC acts as a contact point for Swiss industry whenever questions arise with regard to the bilateral economic relations. SACC offers Company Pools through its partners in Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste: In order to realize large projects, small companies which do not compete with each other can join in a pool and benefit by sharing infrastructure.

- **Business Advice** – SACC gives you unique access to people and institutions which affect your business and offer you opportunities to meet with professional staff to discuss general or specific issues on the Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan and Timor Leste markets. Chamber luncheons let you meet, learn from, and interact with CEOs of major corporations or with decision makers from the public sector.

- **Exchange of Experience** – SACC helps you to establish business relations with business people and official bodies in Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste. SACC offers its experience to link Swiss and Asian companies for rewarding business opportunities.

- **Information Services** – SACC offers you diversified, up-to-date information and documentation services including database access, enquiries about and from Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste. SACC members benefit from the SACC Journal, a regular publication, which gives practical information about the way business is done in a country or economic sector in Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste. Each edition focuses on a specific and current topic. Members can publish their company news and experiences related to Southeast Asia, Korea, Mongolia, Pakistan, Sri Lanka and Timor Leste and take advantage of advertising space at reasonable costs.

- **Government/Economic Relations** – SACC keeps regular contact with Swiss, Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan and Timor Leste government agencies, economic organizations and private firms. Members may benefit from this network by obtaining access to these organizations through our Chamber.

- **Delegations** – SACC assists trade delegations from and to Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka in their visits and gives support to Swiss business people going to Southeast Asia, Korea, Mongolia, Pakistani, Sri Lankan and Timor Leste. The Chamber is open to all kinds of business sectors and Swiss–Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan and Timor Leste business activities – not only exports to and imports of Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan and Timor Leste products, but also investments, license production, services and R&D. As part of its membership, a company is incorporated into a comprehensive network of contacts to which it may refer at any time.

- **All services of SACC** – are also available to non-members who will be charged with a time based fee.

To become a member of SACC please fill the membership form on page 45 or register on SACC’s website, www.sacc.ch.
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