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**Finland's painful lesson:
How to regain digital
leadership?
Mika Ruukonen**

Briefly about me

- D. Sc. (Econ.) 2008, M. Sc. (Econ.) 2003
- Working experience on sales, research, project and program management and consulting
- Focus (for the most part) on media, content, software and technology businesses
- Employed by Sanoma Corporation since early 2010, in various management roles, in creating and implementing digital strategies
- Since Dec 2013, director of Sanoma's recruitment media business
- Passionate about:
 - Creating succesful technology-based businesses
 - Management of innovations, creativity, agility
 - Change management during technology disruptions



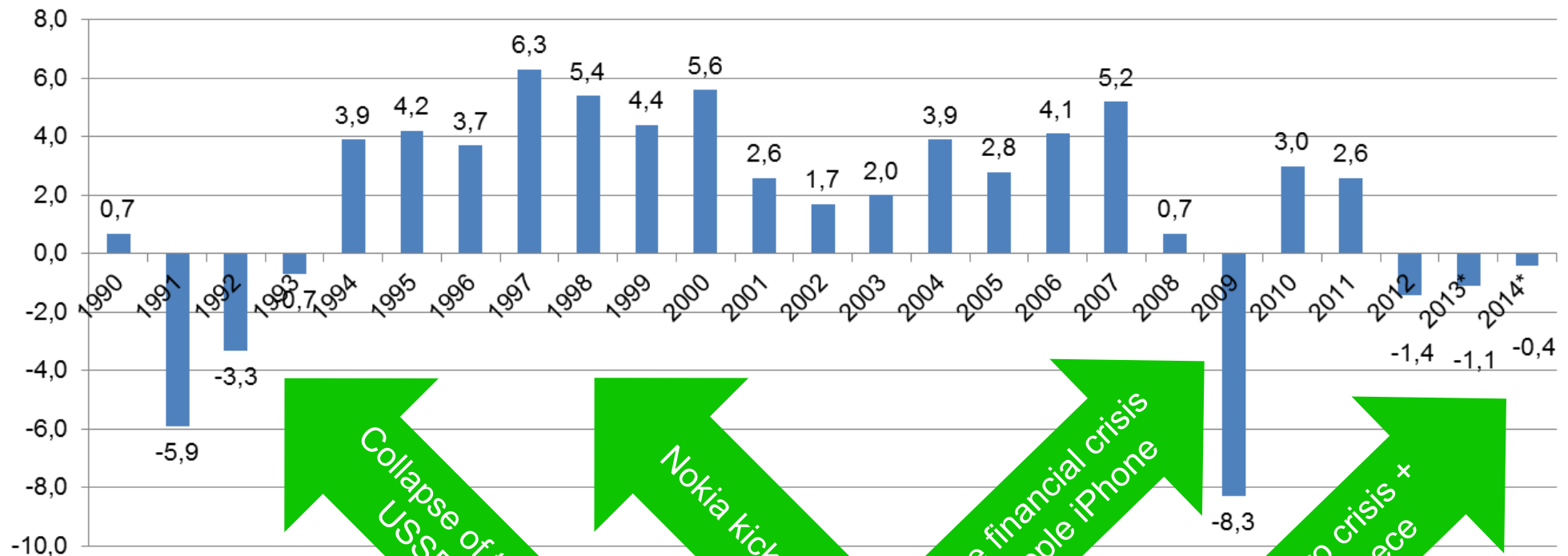
The agenda for the next 15-20 minutes

- Part 1: Finland under pressure: where do we stand?
- Part 2: Our opportunities and way forward
- Conclusions and Q&A



Economic downturn a big challenge, no easy way out in the near future

Finnish GDP annual growth rate (%)

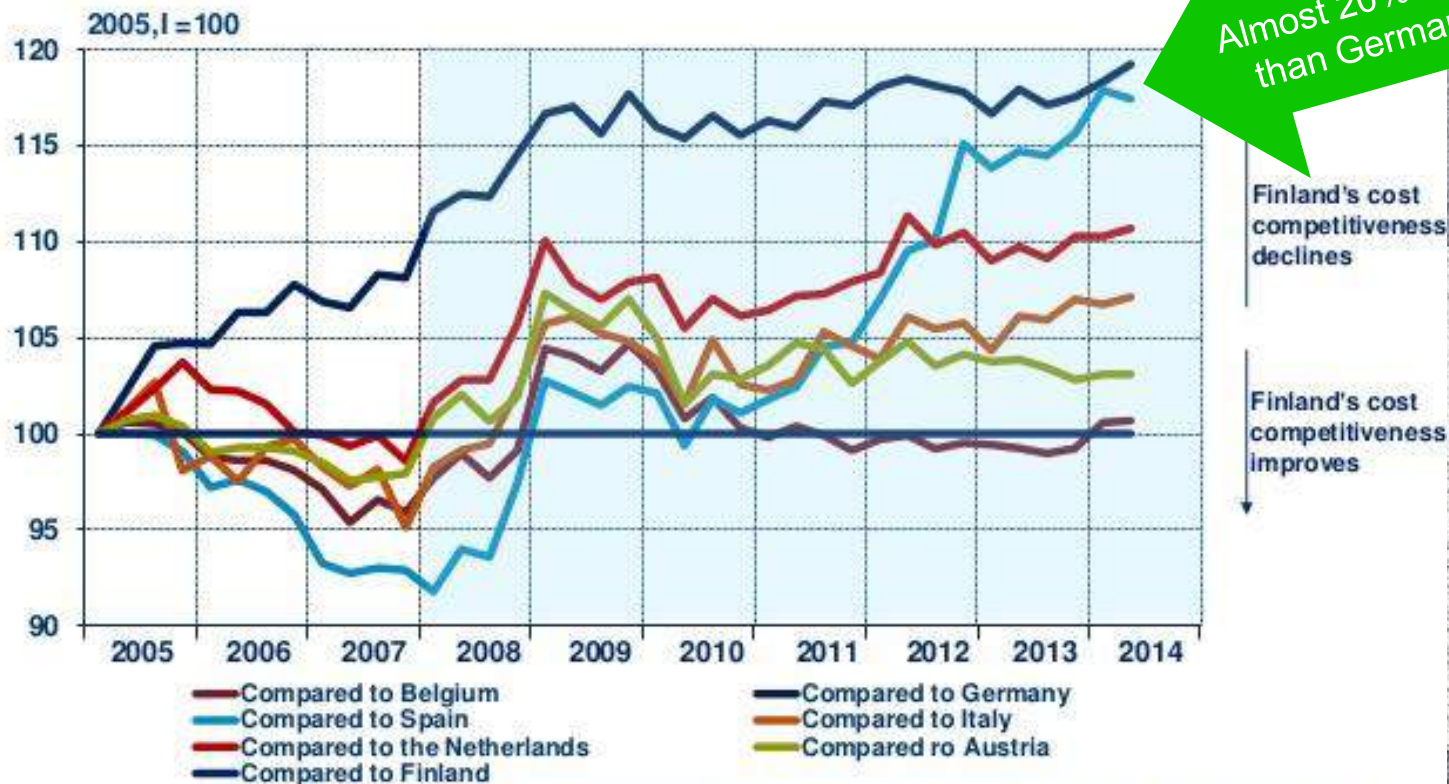


* = preliminary number, not confirmed
Source: Statistics Finland

Labour unit costs rising faster than in the peer countries... let alone the low cost countries!

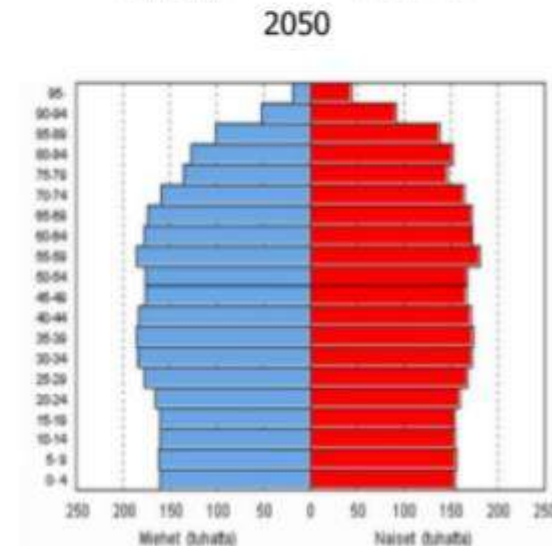
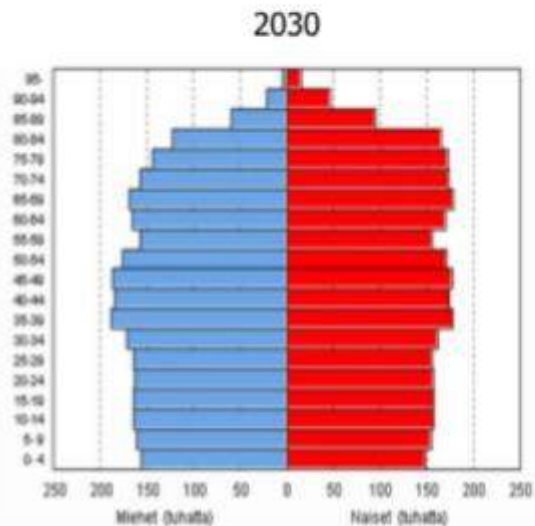
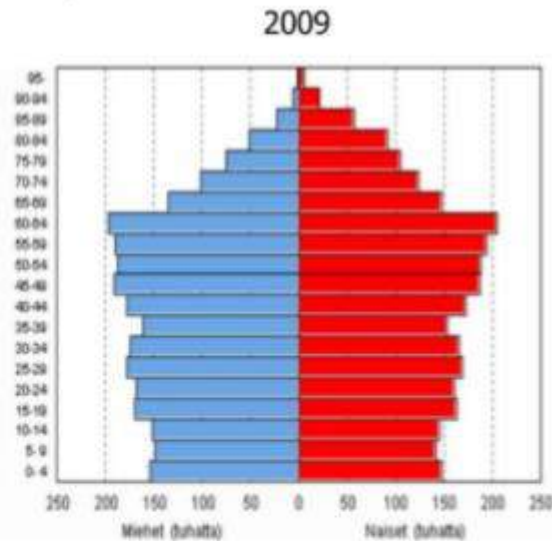
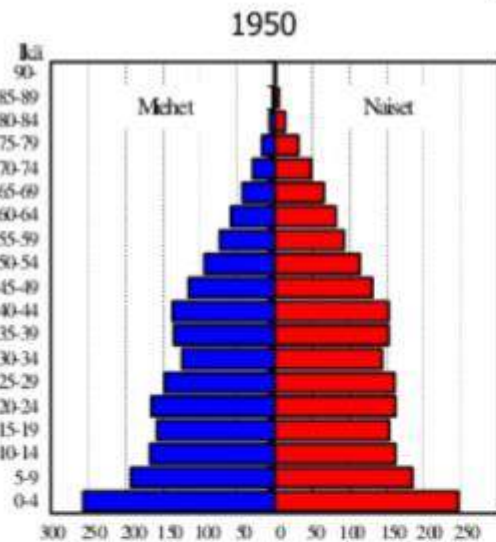
Unit Labour Costs at the National Economy Level

Labour costs / productivity, including the effective exchange rates



Almost 20% more expensive than Germany and Spain

Ageing population when compared to the rest of the world... also Europe... and it will remain that way



Source:
Statistics Finland

A quick quiz: who are these guys?

Ranking		Country of origin	
1	???	USA	???
2		USA	
3		China	
4		USA	
5		USA	
6		China	
7		USA	
8		China	
9		USA	
10		USA	
11		China	
12		USA	
13		USA	
14		USA	
15		USA	
16		Japan	
17		Japan	
18		China	
19		South Korea	
20		China	

Our best shots: Rovio (Angry Birds) and Supercell (Clash of Clans), both probably < 5 Billion \$

Finland ranked as a 'stall out' country when it comes to digitalization... we're losing our momentum



Source: Where the Digital Economy Is Moving the Fastest, HBR Feb 2015

To summarise, the Finns are

1. Heavily under pressure by the downturn economy, impacted by the European crisis, looking for new growth but cannot find it that easily
2. Getting older very fast, less and less people working, more and more receiving pension benefits
3. Lagging behind in digitalization despite good device infrastructure, facing fierce competition, losing the Nokia momentum

We're not alone, many European countries have similar problems... but our problems are unfortunately bigger!

A wide-angle photograph of a long, straight asphalt road that stretches from the foreground into the distance, vanishing at the horizon. The road is flanked by dry, brownish-yellow grass and patches of snow. In the background, rolling hills or mountains are visible, their peaks and slopes partially covered in snow. The sky is a uniform, overcast grey. A semi-transparent dark grey rectangular box is superimposed over the upper portion of the image, containing white text.

**So, what is our way forward?
What should we do?**

Re-gaining digital leadership is a “must”... but it will not be easy to re-gain... and needs a mindset shift

1.

Investing in the new digital areas e.g. mobile, video, data and social (preferably all of the four)

3.

Adopting “all in” – mentality in investments, choosing carefully a few “big bets” to achieve scale and weight

5.

Starting from small agile pilots, testing, failing fast if necessary, accepting failure

7.

Adopting speed-speed-speed, not trying to overcomplicate or over-engineer things

2.

Investing in commercial capabilities e.g. international sales, marketing, commercial models (technologies we master already)

4.

Abandoning the “from 8 to 4” mentality, fostering willingness to try harder, adopting “110%” mentality

6.

Proactively aiming high, towards global leadership in a given market

8.

Letting go of the old beliefs and burdens, such as envy, fear and internal orientation

We need to foster capabilities that are truly on international level and support digital growth

- Proven results on visionary international management and leadership
- Ability and willingness to learn new things, tolerate continuous change, ability to turn information to action
- Creativity, communication, social and emotional skills, understanding of cultural differences (instead of routines and processes that can be automated)
- Rapid moves, getting things done, productivity, results orientation, adaptability, solutions orientation
- Willingness to take responsibility and make change happen, truly customer oriented mindset

We also need to be ready to re-evaluate the way we lead people

**ADMINISTRATIVE AND
AUTHORITARIAN LEADERSHIP**

**DISTANT LEADER WHO
CONTROLS**

LEADER DECIDES AND DICTATES

**WORK FOR THE MONEY TO
REACH FINANCIAL TARGETS**

**FOSTERING ROUTINES AND
REMEMBERING**

**CARING AND INVOLVING
LEADERSHIP**

**TRUSTED AND APPRECIATED
LEADER WHO IS PRESENT**

**TEAMS DECIDE, LEADER
APPROVES**

**MEANINGFUL WORK AND
STRONG WILL TO SUCCEED**

**FOSTERING CREATIVITY,
LEARNING AND SOCIAL SKILLS**

Thank you!

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