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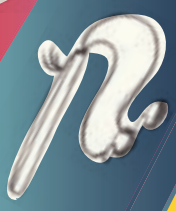
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The visionary on what's
in store for telecom – it's about

media, fashion and inspired leadership

The changing media landscape is a challenge to all traditional players in the market. Telecom used to be much simpler. **Now it has become a software, fashion and media business.** Here, professor Paul Saffo gives his view on why the telecom industry seems to have a problem with innovation and creativity.

TEXT Roman Pixell

PAUL SAFFO IS one of the most referred-to visionaries in IT, media and particularly the mobile space. After 25 years as a forecaster at the Institute for the Future in Palo Alto, California, US, Saffo became an associate professor at Stanford University's School of Engineering in California. He is also a business advisor to Samsung Research and is involved in a number of start-ups. One of the goals that drives him is to explain how fundamental and disruptive long-term changes in an industry affect business in the short term.

How do you identify disruptiveness and change?

I look for indicators: sometimes just weird stuff



Paul Saffo

in the street, often small things. I use my camera phone to document the world around me.

Why is it so difficult to innovate for the telecom industry?

My heart goes out to the incumbents, really. Let's take Sony Ericsson as an example – it was a good try, but it didn't work out. This is mainly about strong cultures merging, but also about management and people with strong opinions on political issues. There are basically two ways a company can work: you can stand on each other's shoulders, or step on each other's toes, and in Sony's case, the executives spend most of their time stepping on each other's toes. Last time Sony

“...IBM continued long after Thomas Watson, and *Disney is still going strong* long after Walt Disney passed away. In Apple’s case, I think the closest parallel would be Disney.”

► needed a head of the company, they picked a foreigner, because they couldn’t agree on any of the Japanese candidates.

You mean this is a general problem affecting not only handset vendors but also companies like Ericsson, Nokia Siemens Networks, Huawei and so on. What about the others?

Oh, this is not just about Sony. Motorola did their RAZR and thought: “We’re set,” but they should have realized that they weren’t; they’re in the fashion industry. Fashion changes every quarter. I think this is a period in time that the economist Joseph Schumpeter would recognize as one of vast creative destruction, and it’s challenging not just for the telecom industry – this affects all forms of electronic media. Two things have happened if you focus on the cellular space. First, the large market players have gone from an infrastructure business to a media business. Second, the consumer devices we’re seeing have gone from being utilitarian tools to fashion accessories, the stylishness of a product being the primary reason for purchasing it.

Do you think the telecom industry is short-sighted?

Something that really spoils the party for the operators is their dependence on the quarter economy – stock owners want dividends, not re-investment in innovation. We’re trapped in an economy where we measure the wrong things. The consumer economy has had a nice run for more than half a century now. People have been spending foolishly, buying things they can’t afford and don’t know how to use. I think that the most vicious battle being fought today is not the “war on terror,” but rather the conflict going on between different “dialects” of capitalism.

What can we learn from Nokia’s difficulties in the US market?

It’s mainly an organizational problem. Nokia is slightly disorganized on the inside, and despite being a large maker and service provider, it never really figured out how to leverage on a larger scale. But what really finished it off was Apple’s CEO Steve Jobs coming in with a blank canvas: first the iPhone and then the iPad.

What were the true origins of the iPad?

I probably owned about six Newton MessagePads, but this device never became a platform for the vast majority for a number of reasons. The origins of the iPhone and the iPad are the same. It was a top-secret project at Apple years ago, called SafariPad. Researchers were creating some-

thing that was a tablet device – basically what the iPad has become today. So they went to Jobs and explained it was to be mainly a browser-based device. As the story goes, Jobs and his genius looked at it and said: “We can’t do this yet, at least not on a full scale, so we’ll do the phone version first and save the full-scale version for later.” So the iPhone was really a scaled-down version of the iPad.

What would Apple be without Steve Jobs?

The amazing thing about Jobs is that he has a really deep sense of design aesthetics and an uncanny ability to anticipate what consumers will crave three to four years from now. But IBM continued long after Thomas Watson, and Disney is still going strong long after Walt Disney passed away. In Apple’s case, I think the closest parallel would be Disney. Long after Walt stopped running the show, the company spirit remained. To this day, if you visit Disney, one of the things you will hear people say in an ordinary conversation is: “What would Walt do?” I imagine that 20 years from now, the people at Apple will say: “What would Steve do?”

Can you really plan innovation in a media or a telecom corporation?

In all companies, you need a vision and you need a good team. Usually, just one person (or a very small group) delivers the vision. It has to be people that lead from their heart, not from their head. When large corporations try to systematize innovation, they often drain the soul out of it. If you lead from your heart, you can deliver products that are extreme. They are going to be great or disastrous, but you’re definitely going to roll higher numbers on the dice.

Why do you think operators refrain from using their customer databases?

The main problems for telcos are legacy systems and philosophy. One challenge is also the increasing tempo of their business. The telcos think they can substitute good management for velocity, but that’s not how it works. They’re not used to velocity, and that’s exactly why a player like Apple can come out of nowhere and take advantage of overlooked opportunities. Apple has huge amounts of information about their users.

The operators are no longer just in the operator business; they’re also in the software, fashion and media business. Now more than ever, it’s about creating experiences that the consumers will absolutely crave – not necessarily immediately, but maybe a couple of years down the