



Armin Rau

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Managing Innovation

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I: We're very fortunate to have with us Armin Rau, who is an executive board member of Sicap, which is a company set up and one of the major shareholders is the big Swiss phone company, Swisscom. It's very much active in the world of mobile telecoms and we've just been discussing in what's now being called the 'internet of things' – lovely, exciting phrase. Plenty of room for innovation. Firstly, thank you for talking to us. Could you tell us a bit about Sicap and the innovation opportunities that you see in this world of the 'internet of things'?

AR: Yes. Sicap is a very small company – we are 200 people – and we've got the big advantage of not being a start-up-ish company. We are also backed by one of the major operators worldwide, which is Swisscom, and we benefit from their strategic investment and also from their technology knowhow. So, that's one thing.

In the internet of things there is a huge possibility, because we see that, not only mobile phones are being used for many more use cases than in the past, not only a communication device, it is a device to exchange data, to use the mobile internet, it is a device to pay your bills, your utility bills, to pay insurance bills, whatever you want. To come back to the internet of things, here the big development that we are going to see in the future is that things are going to become more and more electronic and more and more capable of communicating with each other. So, from your mobile phone you might send messages in the future to your house that the light should be switched on at a certain time when you're coming home, so there is less of a danger that you're stumbling over something when you're coming home late at night, or you might even communicate with your fridge. The video that we're doing right now might be electronically immediately sent to your PC in the computer so that it is ready for editing tomorrow, etc, etc.

I: It's a really exciting world of opportunities, but, clearly, taking advantage of them doesn't come easily. I wonder if you could talk a little about some of the challenges you see in your experience with Sicap in taking advantage of these opportunities?

AR: I think the main challenge that we have is to detect the opportunities, first of all. So, to really work together with our clients, which are mobile network operators, but also to go beyond, so to see what our end users, consumers in the market, are really looking for in the telecommunications area. For that we have built a platform, which is called sicapinnovation.net, which we are using to get user insights from all over the world on frustrations, on pleasures, on uses, on wishes that these people have when they are using a mobile phone or a smartphone, as we have it today. So, we get direct access to the

market and direct feedback. But the first challenge is actually to identify these ideas and these opportunity areas.

The next challenge, then, is to turn these challenges and opportunities into ideas and then to put potential solutions. Here the challenge is, first of all, the screening and to really get to the most promising ones, which is not only based on the classical business case method, but it's also based on prototyping, going back to the market, getting the feedback and, in an iterative way, actually gets to the innovations that you want. Once you've got that, the next big challenge for a small company like Sicap is time to market and investment. So, we are not big, even though Swisscom is behind us, we can't invest many, many millions into R&D; we have to focus very well and we have to be very clever in combining existing technologies into something new.

So, these are common challenges – finding these ideas, screening them well, choosing the right ones through a prototyping and iterative approach, keeping the investment levels quite low and, finally, to reduce the time to market to a minimum.

I: And I imagine, for a world that is changing so fast, both technologically and on that demand side, this is also about partnership and networking; it isn't just one company able to second guess the rest of the world.

AR: Very much indeed. So, we are very aware of the fact that we can't do anything and we don't want to do everything. We definitely do not want to change from a 200 people company into a 20,000 people company. So, we have chosen a network strategy to interact with partner. On the one hand, on the technology side, then for specific knowledge – for example, we are using mobile payment solutions and here we're working together with a manufacturer of kiosks where you can actually put money in to top up your prepaid account. We've also got sales partners who have a much bigger infrastructure than we have in order to get our products into the market.

So, on the platform side, on the technology and research side and also on the sales and marketing side. Everywhere we are completing our network of partners.

I: It sounds like a really interesting innovation challenge. I guess one last question, as someone responsible for promoting innovation, do you have some advice for, say, a newcomer who's been appointed to a new job as innovation manager? What are the lessons from your experience? Well, the lessons from my experience is, first of all, before s/he becomes appointed, before s/he accepts the job, make sure that the company you're working for is really promoting innovation, so that innovation is not just lip service, but really in the DNA of the organisation and you can find it out quite easily by talking to the responsible people and asking them some questions about how do they innovate, where do they get their ideas from, can they talk to you about maybe one or two revolutionary things that they have created in the past? Do a little bit of a checklist on what these people have to offer.

Once you then have decided to get the job or to do the job or to accept the job, because you think this company is really an innovation leader, then make sure that you clearly understand the strategic context, so what is the strategic approach of this company? Is it more like a 'me too' company? Is it more about efficiency, about operation excellence, customer intimacy, product leadership? Based on that, many, many innovations can follow. So, it does not necessarily mean that a company who does not focus on products so much cannot be innovated. If you're looking at

McDonalds, for example, most of the innovation comes out of the process rather than the product. So, it is very important to understand the strategic focus. Later on it is important to understand the culture – how do the people behave in innovation? For example, is innovation allowed in the kind of chaotic way so everybody can do a little bit of something and then you've got focus groups who are pushing something in an entrepreneurial way to the end? Then you support it in a more entrepreneurial way, more chaotic and more improvising, maybe. Or is it a process-driven company? Everything goes into a process, you've got [0:07:37.7] gates and it goes through that.

So, look into the strategy, the organisation and the process, as far as innovation is concerned, and adapt yourself to it, because it's going to be difficult to revolutionise an approach of a well-established company in terms of innovation.

I: Lovely, thank you very much for sharing your insights. We hope we might be able to put the Sicap case on the website as well, so that will be something else.