

FUTUREFORUM 2017

EXECUTIVE SUMMARY



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is finding the right
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Welcoming words from Hanaholmen

Hanaholmen celebrated Finland's centenary year theme 'Together' by arranging a bilateral conference, Futureforum. Together with our friends in Sweden, we face a new world in which governments, business leaders, the scientific community and citizens need to work together. In both Finland and Sweden, by finding common ground and through shared knowledge, we can create world-leading innovations, be at the forefront of digital development and enhance the future living conditions of our societies.

The fourth Futureforum, organized

by Hanaholmen – Swedish-Finnish Cultural Centre, achieved its ambition of bringing together present stakeholders with future business leaders from both Sweden and Finland. This year's topic, digitalization, innovation and productivity, gave us insights into Estonia's digital success story. As President Kersiti Kaljulaid stated, digitalization is built on trust, open sources and co-operation. Professor Bengt Holmström, Nobel Prize Laureate, added that individuals or teams should have an idea first, then get funding, rather than the other way

round. For it is ideas that will challenge people more than money.

We want to thank all of our partners who helped us make Futureforum a success.

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FUTUREFORUM
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Keynote

“You Need a Box to Think Outside the Box”

Bengt Holmström

“Constraints are the key to inspiring innovation,” was the core message of Nobel Laureate, Bengt Holmström, in his keynote speech at the opening of Futureforum.

“You need to have a box to think outside the box, and it means structure,” stated Professor Holmström, reflecting, in particular, on his academic experiences at the renowned Massachusetts Institute of Technology (MIT).

“When there is enough time and money, the likelihood of people becoming lazy grows,” Holmström argued. The key to innovation, however, is finding the right constraints, while also making sure that they do not cause unnecessary negativity.

“With the constraints, you need to have trust that your endeavour is still possible,” Holmström said. “A good leader identifies the right box for each person and creates trust.”

Before innovation, however, there is a tremendous amount of learning to do by both imitating and walking in the footsteps of giants. That is the foundation that creates the skills to innovate.

“That is what we do at MIT. The students spend two years in a very structured manner, learning from the past. After that begins the great challenge of transforming the students, from people who have learnt to answer questions, to people who ask the right questions. That is what research education is. For ground-breaking innovation, the recipe is often to ask the right questions, and to persevere in finding the answers. As Einstein once said: ‘if I was asked to save the world in one minute, I would spend 59 seconds thinking of what the question is and one second solving the question,’” Professor Holmström concluded.



“A good leader identifies the right box for each person and creates trust.”



“I do not think the present speed is enough”

- Casper von Koskull

Panel 1

How Does Digitalization Affect Future Business Models

Anna Granskog – Sara Öhrvall – Casper von Koskull

It is not just that artificial intelligence will undeniably transform most businesses. In addition, it will force humankind to reinvent itself. This viewpoint was the consensus of the panel discussion focusing on how digitalization affects future business models. At the core of the transformation lies the accelerating speed of change.

“Already in the banking sector, we have come a long way. And in the future, the change will be exponential. I do not think the present speed is enough,” argued Casper von Koskull, CEO, Nordea.

To that end, business models will change, our plans will need to be changed, and we do not know what the future brings. These factors often cause considerable stress to employees and leaders, the panelists pointed out. However, in the speed race to digitalize services to customers’ needs, the Nordics have some clear strengths.

“In the Nordics, there is a culture of co-operation across sectors and of combining design in tech. And we are very good at team-work. Silicon Valley is actually very tech-oriented,” stated Sara Öhrvall, co-founder of Mindmill Network.

The panelists pointed out that in smaller societies compared to the U.S., for example, co-operation between public and private efforts can also be easier. Today, the public sector still lacks behind in digitalization, compared to many private industries from media to banking. However, there is something that artificial intelligence cannot replace, and that is human encounters. To the question of how to adapt and cope with the ever-accelerating change, the panelists largely agreed: with face-to-face encounters, and outside an individuals’ usual circles. “You need to meet people, anybody, teenager, relative, president, CEO, sales person, to have more perspective,” said Anna Granskog.

What is Futureforum?

Hanaholmen’s Futureforum, is an event where experts and thought leaders from Sweden and Finland gather together to find new ways to stimulate their respective countries’ economic outlook and development. Futureforum is organized every second year, and it focuses on current topics with the aim to find common solutions to thorny issues. The forum is often visited by already established and well-known names from business and politics.

Panel 2

Future Business Models – Growth Through Digitalization

Karl-Henrik Sundström – Henrik Ehrnrooth – Martin Lundstedt – Tuula Teeri

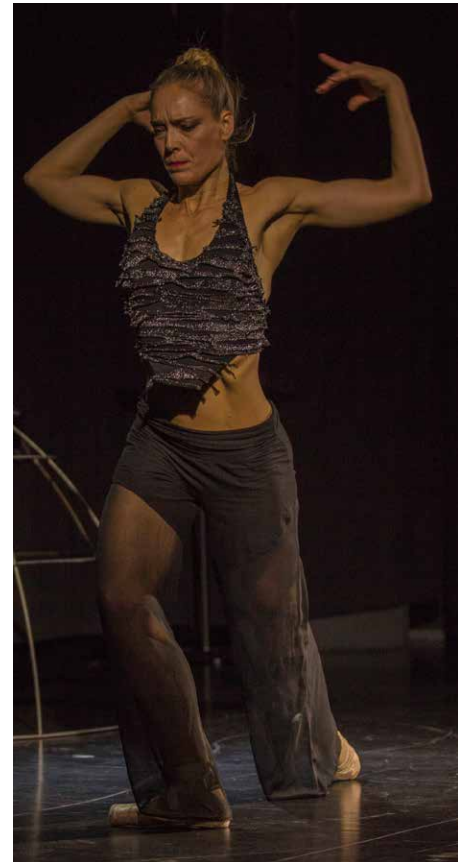
The panel members lead organizations which together employ around 176,000 people, and are significantly impacted by digitalization. The main question on the table was, what is required to successfully lead a digital transformation.

Firstly, the panel emphasized the importance of a clear vision. The leadership needs to clearly communicate to its employees and customers exactly what digitalization means for the company and where the company is heading. Secondly, a company cannot transform its business more quickly than its employees are willing to transform. Employees need to be engaged in the transition from the beginning.

Thirdly, technology is a means to an end, not an end in itself. Companies need

to be able to explain to their customers what constitutes the added value that comes from digital solutions. Fourthly, to create innovations, the company culture needs to be based on empowerment and trust. For large companies, this often requires decentralization. A good culture also helps to recruit the brightest and most innovative people.

The fifth point argued that the most optimal duty the public sector can perform is to decrease uncertainty and facilitate the transition towards the digital paradigm. Finally: a word of reassurance – the panel agreed that many skills from the analogical world are still relevant in the digital world. As Henrik Ehrnrooth on the panel summarized: “We will always need bold and innovative people who want to learn.”





Keynote

Estonia's Digital Success Story

Kersti Kaljulaid, President of Estonia

Estonia has undergone a systematic disruption to guarantee a fully digital environment for all citizens and businesses. This has been done without any cutting-edge innovations, but rather with solutions that are “simple, cheap and work every time”. They have also proven to be safe. Public and private entities use the same platform, and this has given rise to a large spectrum of services (some also available to foreign

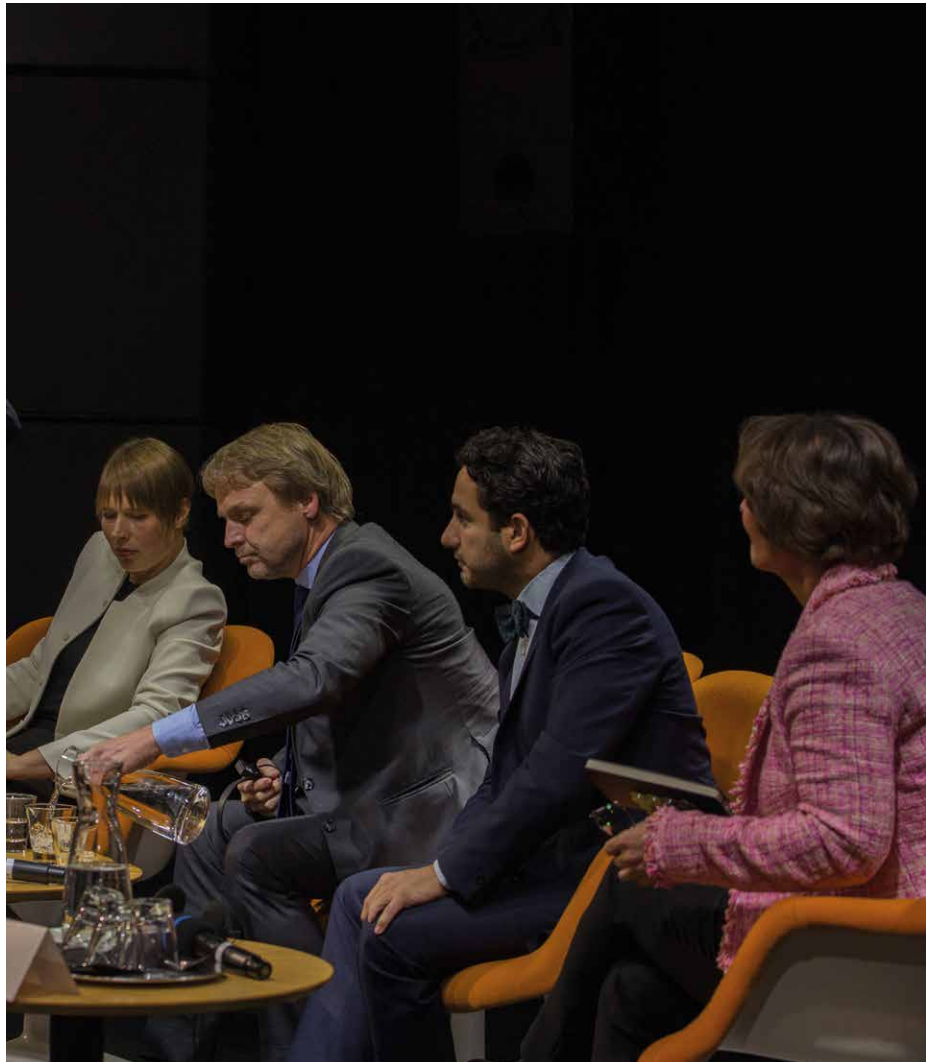
e-residents of Estonia). The savings, to date, are already on a scale of 2% of GDP. This is achieved by eliminating the legwork of accessing services of all kind. The structure of work and life will change, and institutions like taxation and pensions must adapt. Society must become more flexible and better at engaging both citizens and businesses to opt into all of its institutions.

Panel 3

How Does Digitalization Change People and Society?

Joakim Palme – Anne Berner – Ardalan Shekarabi – Kersti Kaljulaid

#MeToo is an example of a digital and global social campaign with concrete effects in many countries. It also shows how social norms can be digitally sustained and spread. When all citizens are no longer reached by mainstream media, the democratic process can be destabilized by digital disinformation. This is a problem of inclusivity, of asymmetrical use of technology, and of basic cyber hygiene. It must be addressed by society, to ensure equal participation and true democratic discussion. Individual ownership and control of personal data will be a cornerstone of the digital society. It requires a structure with a safe and trusted movement of data, supported by a reliable legal framework and basic cyber hygiene as a universal citizen's skill.



Conclusion

Vesa Vihriälä

In all previous technological revolutions, we have always managed to largely maintain employment levels and generally improve real income. The added value of new technologies has always been channeled into new demand, creating new jobs and income, with the sum total of combined factors leading to economic growth. In Finland, we have in every year of the past decades lost 10-20% of all jobs, but this loss has been offset by the creation of new types of employment. We are now seeing increasing polarization of work and income distribution between parts of the world and between

certain demographics in society. However, the varied effects of automatization in the industries of the USA and Germany show us that social policies can markedly influence the outcomes of disruption. An important role for society will be to create platforms that enable citizens to engage with its institutions in a new, more flexible structure of 'life and employment'. From this perspective, the Nordic countries (including Estonia) are among the best-positioned societies in the world to succeed in a digital future, especially if we work together.

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