

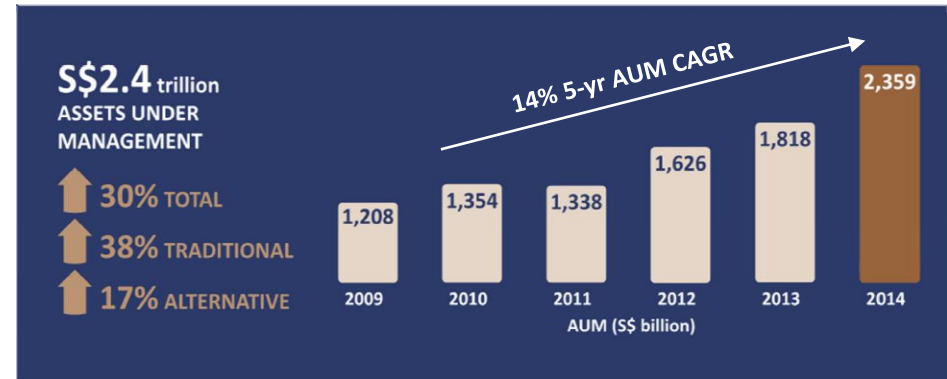
# Cyprus: Reinvention and Variation

16 May 2016

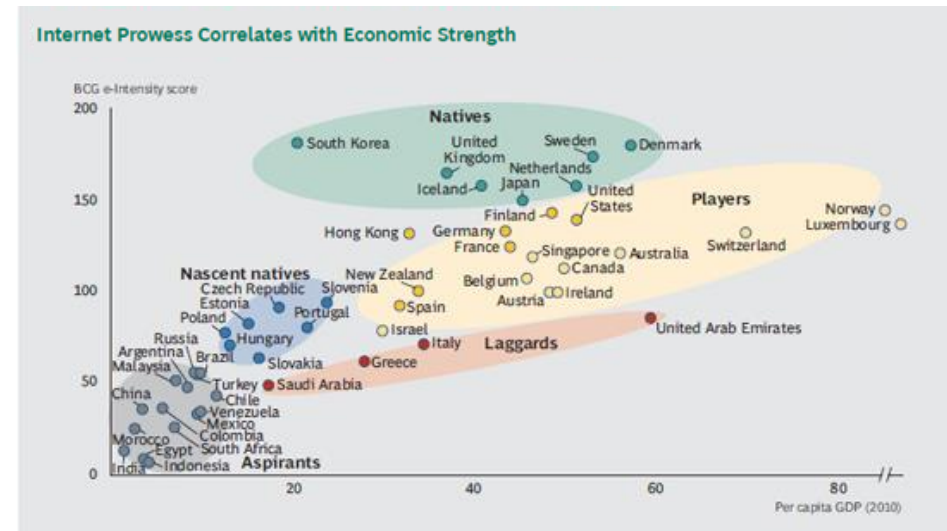
# Planned Reinvention

## e.g. Singapore's Wealth Management Industry

- In 2002, formed an Economic Review Committee comprised of top ranking management from major international and domestic banks, asset management firms, law firms, etc.
  - Identified need to develop comparative advantages and niches in financial services industries
  - Attracted, with tax breaks, large international fund management companies to set up offices in Singapore
  - Nurtured indigenous start-ups with seed capital to attract small and medium-sized fund management companies
- Key ingredients included:
  - Forward thinking government
  - Politically and economically stable jurisdiction, supported by a legally efficient environment
  - Strong governance and well-developed banking environments providing investor confidence
  - Well developed and advanced educational system fostering competencies of human capital
  - Strong IT and market infrastructure
  - Collaboration between industry and regulatory authorities
- At the same time, government monopolies in media and telecommunications are stifling innovation in Singapore's start-up ecosystem



Source: Monetary Authority of Singapore "2014 Singapore Asset Management Survey"



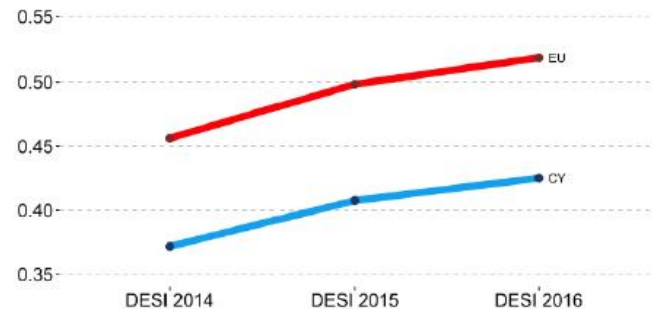
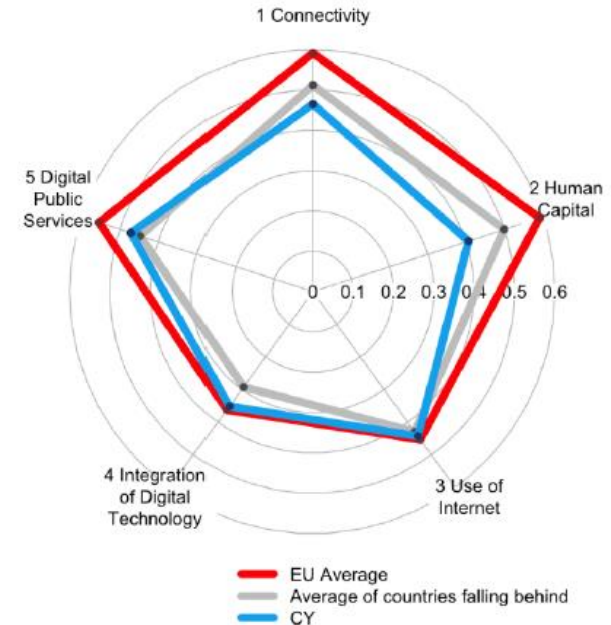
Source: Boston Consulting Group "The Digital Manifesto: How Companies and Countries Can Win in the Digital Economy"



# Planned Reinvention

## e.g. Cyprus' Digital Economy

- The development of a country's digital economy depends on three factors:
  - Digital infrastructure
  - Human capital
  - Institutional quality
- Cyprus ranks 23<sup>rd</sup> out of the 28 EU Member States in the Digital Economy and Society Index 2016 developed by the European Commission
  - It needs to address its digital skills gap which impedes the potential for growth and jobs
  - Though Cypriot citizens engage in a broad range of internet activities (e.g. news, music, films, voice/video calls, etc.) they are reluctant to engage in any type of online transaction, possibly because of a lack of trust
  - Cyprus' businesses need to better exploit the possibilities offered by on-line commerce and cloud-based applications
  - The government needs to offer better online public services to improve efficiency



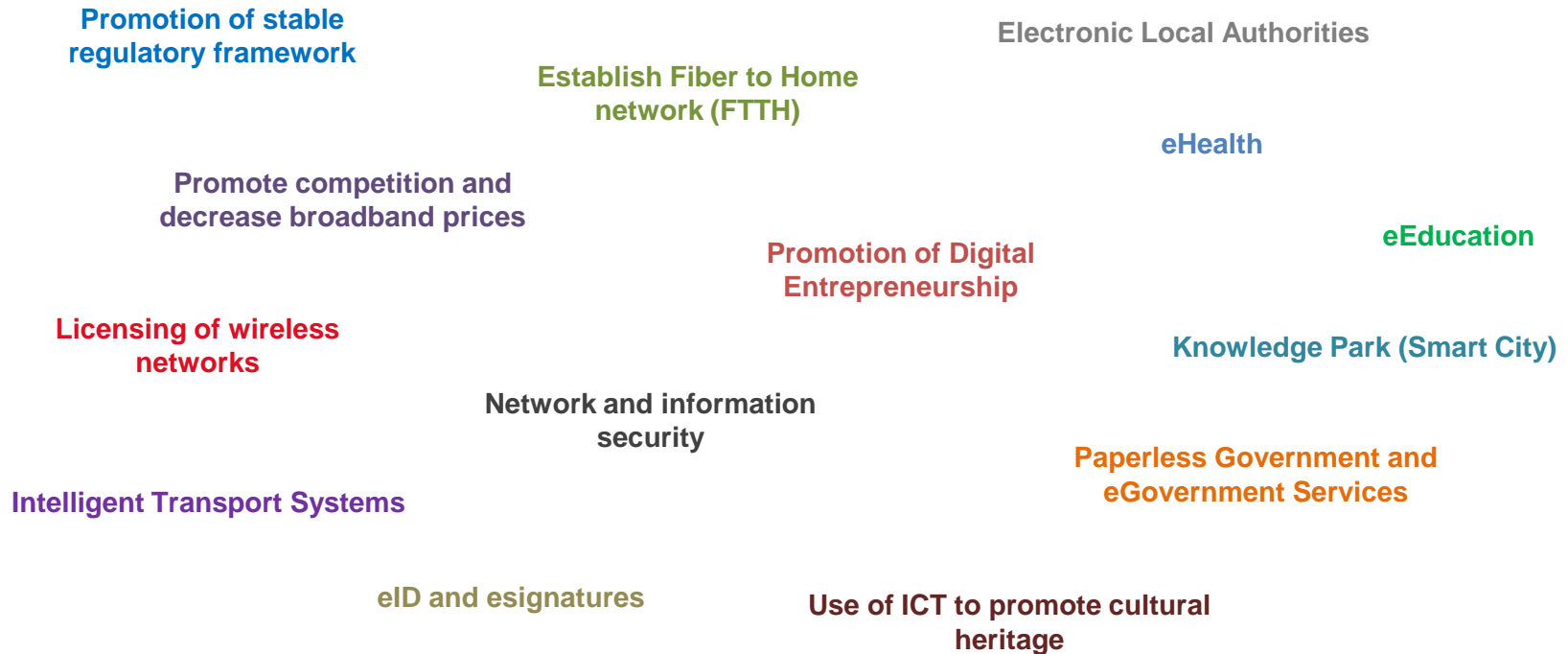
Source: DESI 2016 Country Profile - Cyprus



# Planned Reinvention

## e.g. Cyprus' Digital Economy

- February 2012: Ministry of Communications and Works' Department of Electronic Communications published a "Digital Strategy for Cyprus" setting an action plan and key objectives / goals through to 2020
- August 2014: the Ministry published a more precise Action Plan for achieving certain goals during the period of 2015-2017

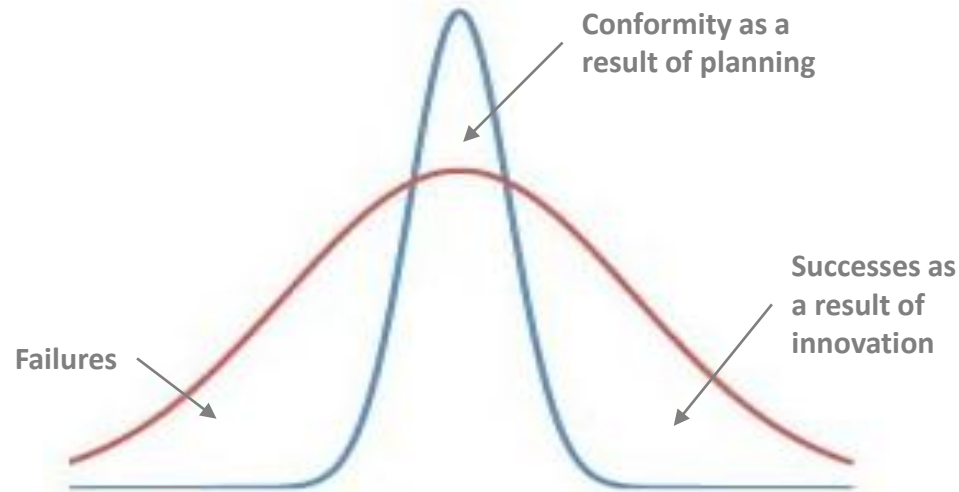


# Variation is crucial to innovation

## Lesson Learned: Planned reinvention may no longer be the best model!

- Singapore is extremely good at planning
- The risk of good planning is that you manage away variation
- Subsequently you also manage away potential successes!!!

### William Barnett's: Managing the Innovation Process



# Variation is crucial to innovation

e.g. Cyprus' Digital Economy

**How can Cyprus reinvent itself in the Digital Revolution, while creating an environment for variation?**

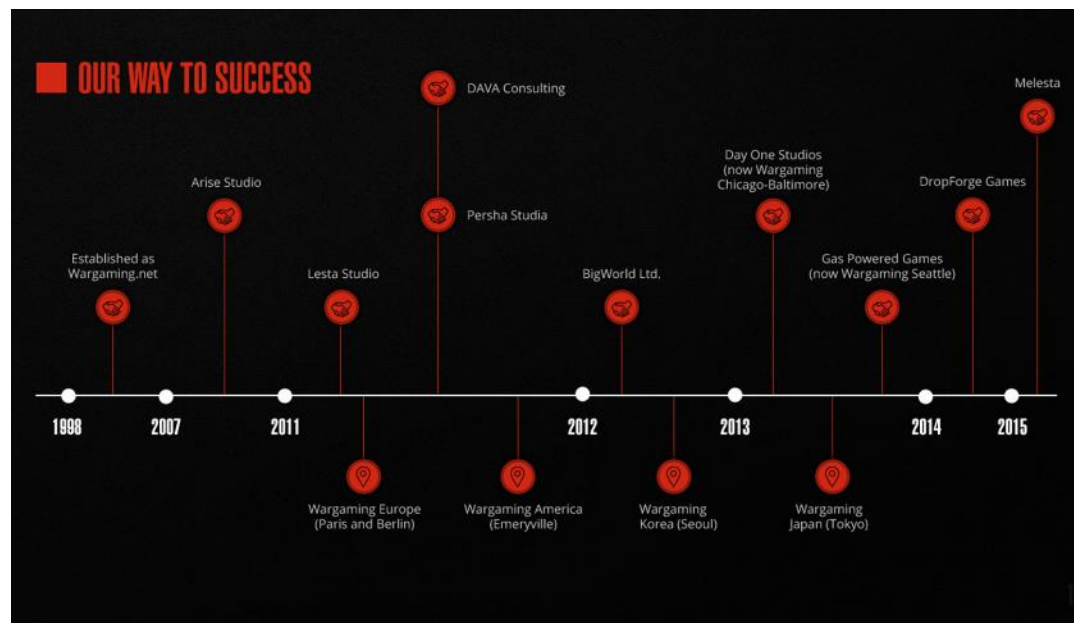
1. Emphasise the facilitation of start-ups by encouraging innovation and entrepreneurial activity:
  - Attract funding and capital sources to Cyprus
  - Develop alternative financial markets, such as venture capital
  - Set up incubators which can assist start-ups with tax, legal, IP protection, etc.
  - Establish premises, both virtual and physical
  - Create networks of people who can advise and nurture start-ups
  - Put a priority on education and skills building
2. At the same time, emphasise on facilitating fast failures:
  - Thus minimising the risk of conformity becoming the norm
3. Promote itself as a testing ground:
  - Both government and local businesses can help test the viability of new technologies/ideas
  - Offers a bilingual and highly educated workforce
  - Can perform the testing in a concentrated area



# The Wargaming Story

## Applying the principles of success at a company level

- Started as a small company in Belarus in 1998
- Belarus is a country that strongly promotes its tech industry:
  - Establishment of High Tech Park (HTP) regime providing tax incentives to its members
  - Legal regime offers strong IP protection
  - Local universities offering high levels of education and skills building to local talent
  - Available networks of people and talent who can advise and nurture start-ups
  - Premises and infrastructure in place for the set-up and operation of technology companies
- Through failures and successes, Wargaming released World of Tanks (PC MMO) in 2011, disrupting the gaming industry by introducing free-to-play (F2P) monetisation model, now an industry norm
  - Subsequently launched a number of PC, console and mobile titles and has several new games under development
  - Registered players worldwide amount to more than 150m today from 18m in 2011
  - Identified strong partners over the course of the years to leverage capabilities and expertise
  - Grew to a global company with ~4,000 employees



# The importance of “variation”

