DOSSIER

SHARING ECONOMY

WHAT'S NEXT FOR VOLKSWAGEN?

THE FUTURE OF MOTOR RACING

THE INTERVIEW
OLIVIER GRÉMILLON
Airbnb Europe

THIS IS JUST THE BEGINNING

WHY UBER, AIRBNB AND LENDING CLUB ARE RAISING BILLIONS
Manchester United Foundation

We use the power of football to engage and inspire young people to build a better life for themselves and unite the communities in which they live.

facebook.com/manchesterunitedfoundation
THE HYDRO MECHANICAL HOROLOGISTS

H2 | ICEBERG WHITE GOLD

HYT is the first timepiece ever to combine mechanical and liquid engineering. H2, unique Swiss technology and movement made in cooperation with Audemars Piguet Renaud & Papi - manual winding and 8-day power-reserve - driving a unique high-tech fluidic technology. HYT - a new dawn in watchmaking.

GEnEvA | Montres Prestige | LAmActEur E | Ouranos | vErbEriE | Michaud |
LuzEnE | Les Ambassadeurs | in TERLakEn | Kirchhofer |
ST MORITZ | Embassy - La Seria | zHUrICH | Les Ambassadeurs |

HYTWATCHES.COM
Collaborative banking, ready to pounce

Marc Bürki, CEO of Swissquote

In late January, French taxi drivers unleashed their wrath to protest Uber once again. The outcome was actually advantageous for the Californian start-up, which gained a bit more free publicity. Like Airbnb with travel accommodation, Uber has attracted consumers around the world in just a few years without really even having to try.

These superstars of the sharing economy are expanding at a phenomenal rate, sparking debate left and right. Collaborative finance marketplaces play a key role in the sharing economy revolution, but have not yet drawn nearly as much attention. No doubt a temporary situation, as PricewaterhouseCoopers expects collaborative finance to grow more than any other sector in the sharing economy, i.e. 63% a year over the next ten years.

When it comes to taking out a loan, raising funds to found a company or simply transferring money, collaborative finance platforms such as Lending Club and TransferWise give people the options (and simplicity) often lacking at traditional institutions. Banks were already suffering from low self-esteem. Then sharing economy companies came along, shook everything up and forced them to adapt swiftly. Basically, everyday customers have taken back control, smugly thumbing their nose at the traditional system.

These new collaborative marketplaces have everything it takes to bring serious competition to emerging markets. Society is rapidly moving towards a digital world in these countries, and the infrastructure needed for the sharing economy to flourish, such as geolocation and micropayments, are part of everyday life there.

Peer-to-peer start-ups are disruptive in that they sidestep layers of middle men to benefit the consumer. Swissquote Bank has upheld this same philosophy since it was founded. It’s no secret, success often comes to those who topple long-standing models.

And Logitech, which features in this issue’s company portrait (outside the sharing economy report), won’t refute that argument. The Swiss manufacturer has recently resumed brisk quarterly growth by completely revamping its product range, which now stretches far beyond keyboards and mice.

To conclude, a word about your magazine’s all-new editorial design and style. Six years into this adventure, we thought it was time for a fresh take. We hope you like it.

Enjoy!
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environment

CALIFORNIA’S WATER IS NOT FOR SALE

Nestlé is the target of several environmental organisations in the United States. A consortium of non-governmental groups is accusing Nestlé of bottling water in California using a permit that expired in 1988. It filed a suit calling for the immediate closure of the Strawberry Creek water pipeline operated by the Vevey-based group. The grievance? California has been suffering from one of the most serious droughts in its history and cannot have its water being used illegally.  

The two brewing titans, Anheuser-Busch InBev and SAB Miller, which own brands including Stella Artois, Corona, Peroni and Grolsch, merged in a deal worth £69 billion. The new group will produce one-third of the malt beverage consumed worldwide and generate half of industry profits. By joining forces, both firms will be better able to cope with the slowdown affecting the big-name beer market. In the United States, they have lost their following to craft beers, whose production volumes rose 18% in 2015. In Germany, the number of beer drinkers has dropped by one-third since the 1970s. In acquiring SAB Miller, Anheuser-Busch InBev will also gain ground on several promising emerging markets such as Africa, Colombia and Peru.

Consuming

THE NEW BEER BEHEMOTH

“I’d rather have a smaller part of something big than a bigger part of something small.”

Jack Dorsey, CEO of Twitter, announcing that he would give up one-third of his shares in the micro-blogging firm to employees.

+0.3%

Additional growth expected in Japan every year between 2015 and 2018, due to the work planned to prepare for the 2020 Tokyo Olympics, says the Bank of Japan.
**Digital**

**Netflix is expanding (almost) everywhere**

Netflix is now available in most regions of the world. The US film and television streaming company announced in January that it would expand into Vietnam, Algeria, Russia, Poland, India and Turkey. Its services now cover more than 190 countries, with the standout exception being China.

The firm stated in a release that it “continues to explore” options for moving into the market. But obtaining permission from the government in a country where censorship is widespread is going to “take time”, says CEO Reed Hastings. Other countries where Netflix services are not available include Crimea, North Korea and Syria.

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**Rent: Top 5 Most Expensive Streets in the World**

- 1. Upper 5th Avenue, New York
  - $33,812 per 50 m
- 2. Causeway Bay, Hong Kong
  - $23,178 per 50 m
- 3. Champs-Élysées, Paris
  - £13,255 per 50 m
- 4. New Bond Street, London
  - £12,762 per 50 m
- 5. Via Montenapoleone, Milan
  - €10,000 per 50 m

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**Donations: Top 5 Philanthropists**

- 1. Bill Gates
  - $27 billion
- 2. Warren Buffett
  - $21.5 billion
- 3. George Soros
  - $8 billion
- 4. Azim Premji
  - $5 billion
- 5. Charles Francis Feeney
  - $4 billion

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**Falling Food Prices**

Prices of cereal, dairy products, meat, vegetable oils and sugar lost 19.1% worldwide in 2015 compared with 2014 levels, said the United Nations’ Food and Agriculture Organization (FAO). Dairy consumption, in particular, fell drastically in China, as European dairy quotas were raised in April 2015, causing a surplus. The Russian food embargo over the Ukrainian crisis also kept costs down, especially for meat.

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**RANKING**

**Top 5 Most Punctual Airlines in the World**

(% of Flights that Arrived on Time in 2015)

- 1. Japan Airlines
  - 89.44%
- 2. Iberia
  - 88.97%
- 3. ANA
  - 88.86%
- 4. KLM
  - 87.88%
- 5. Austrian Airlines
  - 87.68%

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**Sustenance**

Saudi Arabia’s budget deficit in 2015, or 21% of its gross domestic product (GDP), resulting from the decline in oil prices which have fallen by 70% over the past 18 months.

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Social media ad spending totalled $25.1 billion worldwide in 2015. Brands now increasingly integrate information on users – about their income, profession and hobbies – collected from social media platforms to develop their campaigns. For example, BMW has sent exclusive ads to certain subscribers of the Chinese messaging service WeChat, whose profile suggested that they have the means to buy a luxury car. There are now countless examples of targeted ads. Lowe’s, a US DIY chain, created a targeted ad on Facebook with content that changed when users mentioned a specific part for their home in their status.

Number of jobs created in the United States in 2015, according to official statistics, lowering the unemployment rate to 5%. That means nearly full employment.

"Global growth will be disappointing and uneven in 2016. Mid-term prospects have weakened."

Christine Lagarde, the Managing Director of the IMF, writing in the German business and financial newspaper Handelsblatt.

Canadian telecommunications company, Vigilant Global, plans to build a towering structure in Dover, on the southeast coast of the United Kingdom. The skyscraper, still in the project phase, would stretch up further than Europe’s tallest skyscraper, The Shard in London, and be used by City traders for high-speed trading. Vigilant says that the mast is expected to rise at least 320 metres above the ground for unobstructed communication with European financial markets. Information will be transmitted via microwaves instead of cables. High-frequency trading is estimated to account for about 50% of all stock market transactions worldwide.
To develop artificial intelligence, Toyota is set to invest $1 billion. A new division with 200 employees based in Silicon Valley has already launched operations. A second research team will be formed near MIT in the Boston area.

The investment will go to developing autonomous cars and robots that can assist the elderly and disabled in their everyday tasks. The automotive group is also working on robots that can converse or play a musical instrument.

BP will be eliminating at least 4,000 jobs worldwide over the next two years. The firm has been suffering because of the drop in oil prices. BP was also recently fined $20.8 billion in a settlement with the United States Justice Department as a result of the 2010 oil spill in the Gulf of Mexico.

BP is not the only oil company running into trouble caused by the declining price per barrel. Its Anglo-Dutch competitor Shell announced that 2,800 jobs would be shed from the new group resulting from the merger with BG Group, on top of the 7,500 other job cuts already planned.

The financing campaign for this smart speaker launched on the crowdfunding platform in September 2015, landed more than $1.2 million from 2,698 backers in three months, well above its initial $200,000 target. Each donor contributed a minimum of $339 and can expect to receive their HiddenHUB in March 2016. The speaker will retail for $599.
**aerospace**

**BLUE ORIGIN VS SPACEX: THE REAL SPACE RACE**

Amazon founder Jeff Bezos won’t settle for dominating online retail alone. He has now set out to conquer space. In November, his company Blue Origin launched a rocket, which reached an altitude of 100.5 km, and brought it safely back down to Earth. It was a historic event (repeated again this past January), as it was the first step towards developing a reusable rocket.

This technological advance is meant to cut the cost of space launches substantially, paving the way for multiple commercial applications. The only snag is that the Washington-based firm is not alone in this quest. SpaceX, the company set up by Elon Musk, the founder of Tesla electric cars, went even further on 21 December 2015. The company achieved an industrial feat in bringing home the booster from its Falcon 9 rocket after the upper stage launched eleven satellites into orbit at an altitude of 200 km.

**SMARTWATCHES: SWITZERLAND FIGHTS BACK**

The Swiss watchmaking industry has retaliated against the Apple Watch. The offensive began with Swatch’s Bellamy collection launched mid-October. The new “pay-by-the-wrist” timepiece features a built-in NFC chip used to make contactless payments. TAG Heuer has also come out with its smartwatch in a joint project with Intel and Google. Since releasing its Connected model in early November, with a price tag of 1,400 Swiss francs, the watchmaker has already received orders for 100,000 pieces. And the latest addition to hit the market is the Bold Motion watch by Movado, the watchmaker originally founded in Chaux-de-Fonds and now based in the United States. Designed in partnership with Intel, this smartwatch can count its user’s steps, track activity and receive notifications from a smartphone.

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“Humans cannot be the only adjustment variable at companies.”

Carrefour’s CEO, Georges Plassat, criticises the price war waged by companies in an interview with the French newspaper Le Figaro.

Drop in African imports to China over the course of 2015. This staggering plunge is due to the economic slowdown in China, lowering the country’s demand for raw materials.
Merger and Acquisitions Reaching New Heights

The amount of money generated by mergers and acquisitions listed in 2015 reached record levels, involving more than $5 trillion, reports the firm Dealogic. The value of deals jumped 37% from the previous year. Sixty-nine of them were worth more than $10 billion. The healthcare sector came in first ($724 billion), ahead of technology ($713 billion) and property ($458 billion). The biggest deal was the $160 billion merger between the American pharma giants Pfizer and Allergan announced in late November.

Flop

Stevia Coke

Launched in the autumn of 2014 after a test period on the Argentine and Chilean markets, Coca-Cola Life became the latest addition to the Coca-Cola range offered by the Atlanta-based soft drink maker. The fizzy beverage made with stevia and sugar contains 30% fewer calories than regular Coke without the use of artificial sweeteners. But it’s having trouble finding its niche. In the first five weeks after its launch in the UK, only 7 million litres were sold, while Coca-Cola Zero cleared 30 million litres in the same amount of time. Coke Life generated revenue of only 43 million Swiss francs during its first year and represented a mere 2.43% of Coca-Cola’s portfolio. In Chile and Argentina, some supermarkets have discreetly begun removing the green-label bottles from their shelves.

“A world that gets warmer by two degrees may be insurable, but a world that gets warmer by four degrees is certainly not.”

The Chairman and CEO of the insurance company “Axa,” Henri de Castries, warned against the risks of climate change in an interview with the French newspaper Le Parisien.
By privatising the Japanese postal service, Shinzo Abe’s government had the clear idea in mind of convincing Japanese citizens to invest more of their savings in financial instruments instead of letting it stagnate in a bank account. The strategy resulted in Japan Post being listed on the stock exchange in early November. And it has paid off. Japan Post Holdings, with the subsidiaries Japan Post Bank and Japan Post Insurance, brought in $11.6 billion in its IPO, selling shares between 0.41 and 0.67 times their actual value. This makes it the largest IPO since the Chinese e-commerce giant Alibaba went public in September 2014, raising $25 billion. — LMA

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**JAPAN POST RAISES $11.6 BILLION**

Global sales for the German automotive group Volkswagen – entangled in an immense scandal for the past several months for rigged engines (read interview on p. 24) – shrunk by 2% between 2014 and 2015, while sales of its flagship brand VW fell 5%. This is the first decline posted by the parent company in 13 years and in 11 years for VW.

The Volkswagen group, which also owns Audi, Škoda and Seat, sold 9.93 million vehicles in 2015, fewer than the 10 million sold the previous year. In addition to “Das Skandal”, the slowdown in the Chinese market also impacted the car manufacturer’s performance. — VW

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**SWISS POST**

Swiss International Airlines transported 16.3 million passengers in 2015 – up 0.9% from the previous year, a record for the airline. The number of flights has increased 0.7% (126,715 European flights and 18,431 intercontinental flights). At the end of January, Swiss received the first of nine Boeing 777-300ERs ordered to replace its long-haul fleet, which is currently made up of Airbus A340-300s. The “Triple Sevens”, which can hold 340 passengers, will gradually take to the air in 2016. — LHA

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**SCANS**

“It’s a product that tries too hard to do too much. It’s trying to be a tablet and a notebook and it really succeeds at being neither. It’s sort of diluted.”

Apple CEO Tim Cook in his reaction to the new Surface Book from his competitor Microsoft.
TO BREAK THE RULES, YOU MUST FIRST MASTER THEM.

THE VALLÉE DE JOUX. FOR MILLENNIA A HARSH, UNYIELDING ENVIRONMENT; AND SINCE 1875 THE HOME OF AUDEMARS PIGUET, IN THE VILLAGE OF LE BRASSUS. THE EARLY WATCHMAKERS WERE SHAPED HERE, IN AWE OF THE FORCE OF NATURE YET DRIVEN TO MASTER ITS MYSTERIES THROUGH THE COMPLEX MECHANICS OF THEIR CRAFT. STILL TODAY THIS PIONEERING SPIRIT INSPIRES US TO CONSTANTLY CHALLENGE THE CONVENTIONS OF FINE WATCHMAKING.

ROYAL OAK CHRONOGRAPH IN YELLOW GOLD

GENEVA
BOUTIQUE AUDEMARS PIGUET
PLACE DE LA FUSTIERE 12, TEL: +41 22 319 06 80
MONTRES PRESTIGE
GRAND HOTEL KEMPINSKI, TEL: +41 22 732 83 00

AUDEMARS PIGUET
Le Brassus
The man who would save McDonald’s

When he took over at McDonald’s in March 2015, Steve Easterbrook inherited the arduous task of turning around the fast-food chain ignored by millennials, who favour the more refined image of fast-casual restaurants such as Chipotle, Five Guys and Shake Shack. He has successfully begun tackling the problem by revamping the menu to include all-day breakfast items and burgers with customised buns and seasoning. As of the last quarter of 2015, McDonald’s recorded a 5% increase in sales. After joining PricewaterhouseCoopers early in his career, this 48-year old Brit worked for McDonald’s from 1993 to 2011, climbing through the ranks to head the United Kingdom and Northern Europe division. Mr Easterbrook then became CEO of two British chains, PizzaExpress followed by Wagamama, before returning to the golden arches in 2013 as global chief brand officer.

The GDP per inhabitant is $12,736. Growth in 2015 was -3.7%. Russia’s main industries are oil, natural gas, timber, precious metals and arms.

The Russian economy is flailing. GDP fell 3.7% in 2015 and is expected to contract a further 1% in 2016, according to IMF forecasts. Russia is suffering from the sanctions introduced by the United States and Europe after annexing Crimea in early 2014. These sanctions are estimated to have cost the country more than $100 billion. Meanwhile, Russia – whose economy heavily depends on exports of petrol – is also grappling with a 70% plunge in oil prices since 2014, prices which slid below $28 per barrel early this year. As a result, the rouble has lost half of its value, nose-diving to 85 roubles to the dollar in January. Inflation has sky-rocketed, hitting 12.9% in 2015. The companies hardest hit include the airline Transaero, set to be taken over by its competitor Aeroflot, as well as automaker AvtoVAZ, aircraft manufacturer Sukhoi and Sberbank.
They look like huge, translucent white pumpkins. These helium-filled balloons are the tangible product of Project Loon, an arguably wacky initiative launched by Google in 2012. Project Loon wants to bring the internet to the 4.3 billion people who live in poor or remote regions, i.e. 60% of the world’s inhabitants, who are not currently connected to the web. Measuring 15 metres in diameter, each balloon is equipped with a solar-powered electronic device and can connect to the telecommunications network of the country it flies over. It then sends the signal back to the Earth, where it can be captured by local inhabitants on their smartphones and laptops, providing them with high-speed internet access.

The balloons will float around 20 kilometres above the Earth, nearly twice the altitude flown by airline passenger planes. About twenty of these mobile internet stations are already being tested over Brazil, New Zealand and Australia. They are scheduled to be rolled out on a larger scale in 2016. It’s an astute move by Google, whose revenue is mainly generated by online advertising based on the number of eyes staring at the web.
Lift and escalator manufacturers are in a fantastic industry. With the ageing population and continuing urbanisation around the world, how could their medium- and long-term business be anything but flourishing? Five companies hold two-thirds of the global market: Otis in the US (18%), Schindler in Switzerland (14%), Kone in Finland (13%), ThyssenKrupp in Germany (12%) and Hitachi in Japan (10%). Otis, a business unit of the conglomerate United Technologies Corporation (which also owns Pratt & Whitney, Hamilton Sundstrand, Carrier, UTC Fire & Security and Sikorsky), maintains a solid position. But its Swiss competitor has come up to challenge its top spot, especially in China. In the prestigious market of skyscrapers taller than 150 metres, Schindler boasts a spate of successes with its Top Range Division based in Shanghai. These days, seven out of ten lifts are sold in Asia, where the Lucerne-based manufacturer generates 29% of its revenue, up from 16% in 2004. Meanwhile, Otis has seen its market share in China dwindle from 25% to 15% in less than ten years. What will happen when the Chinese property market recovers?

Sources: Bordier, Capital Group, Credit Suisse, Ken Research, Schindler, The Skyscraper Center CTBUH, United Technologies Corp.
This may be the only time you ever see an H. Moser.
The resurrection of Logitech

After tough times between 2009 and 2012, the Swiss provider of computer accessories has reinvented itself. Logitech is now a design-led company making products for a “post-PC” era.

BY BENJAMIN KELLER

NUMBERS

1981
The year Logitech was founded in Apples in the Canton of Vaud, Switzerland.

60
Number of design prizes over the past 18 months, a record in the history of Logitech.

7,000
Number of employees.

2.11
In billions of dollars, 2014 revenue, up 2% year on year at constant exchange rates.

3
In millions, number of products shipped every week to 100 countries.
Don’t say Logitech any more, but Logi (pronounced lodge-ee). The “-tech” suffix has fallen from the name on new devices by the Vaud-based group to shed its image as merely a manufacturer of PC accessories. The company has undergone a massive transformation in recent years, launching unique products with colourful, offbeat designs and completely revamping its corporate identity to reflect its metamorphosis.

“We got lost along the way, but we eventually found the path back to our roots.”

Daniel Borel, co-founder and chairman emeritus of Logitech

“This is the post-PC Logitech,” says Daniel Borel, the group’s co-founder and chairman emeritus. “These days, consumers are no longer impressed with pure technology. Customers want a cool, aesthetically designed object. Their primary concerns are how the product looks and how easy it is to use.”

This shift in focus was spurred by the downturn Logitech experienced between 2009 and 2012. For the last financial year of that period the company posted a net loss of $228 million. “In 2008, we were at the top of our game,” says Daniel Borel. “Everything was fine. Then things started to go wrong.” The financial crisis and decline of the PC market – combined with the strategy from management to do whatever it took to expand – compromised Logitech’s livelihood.

Long months went by with no innovation. “We didn’t come out with a single innovative product for three or

A new waterproof edition of Logi’s mobile speaker.
four years, “Borel says. However, Logitech managed to dodge a catastrophe. “We were lucky. Mice, which have always saved us (Logitech made its billionth mouse at the end of 2008), kept selling, and we had large cash reserves,” he says. “But even with $400 million or $500 million in the bank, you can sink quickly. One day, we realised that we absolutely had to put an end to the decline.”

“eSport is taking off, and we’re in the middle of it all.”

Bracken Darrell, CEO of Logitech

“OUTDATED PRODUCTS”

“They had to do something,” says Mark Diethelm, an analyst from the Geneva-based bank Mirabaud who has been following Logitech for more than ten years. “The group was relying on outdated products like external webcams, which are now embedded in notebooks. And no one understood why they acquired Lifesize in 2009.” The U.S.-based firm specialising in enterprise videoconferencing solutions was bought for more than $400 million, “without results”, the analyst says. “It was obvious that it wouldn’t work, with Skype already well established in the business sector. Logitech had built its reputation in consumer goods. They had no experience in B2B.” The company’s growth policy came at a dear cost, says mark Diethelm. “Marketing expenses exploded as they expanded into new countries with the large selection of products available. When you put thirty mice on the market, you have to promote each of those thirty mice! Then its margins began crumbling. Logitech was aiming for volume instead of focusing on high-quality devices, which they knew how to do.”

The man behind the resurrection is Bracken Darrell. This seasoned business leader with a background in consumer goods (Gillette, Braun, Whirlpool, Procter & Gamble) joined Logitech in April 2012 as president and became CEO in January 2013. On his arrival, the group announced a plan to save $80 million a year, then a few weeks later reduced its global workforce by 450.
“I joined the company at a difficult time, but everybody was ready for change,” Bracken Darrell said in a telephone interview from California. The veteran manager immediately began lowering the targets set by the previous management and trimming bureaucracy to boost efficiency. He scaled back investment in the company’s traditional products such as mice and funnelled that money into developing tablet accessories and Bluetooth speakers. And most significantly, the CEO set out to turn Logitech into a design-led company, following the example of Apple.

INFLUENCE OF DIETER RAMS

“At Braun, I was fascinated with the concept of a design company,” says the 52-year old American. The German appliance manufacturer Braun revolutionised industrial design in the 1960s with products that were efficient, functional, minimalist and aesthetic – in line with the now famous principles developed by its former head of design, Dieter Rams. The German legend influenced Apple designer Jonathan Ive, the talent behind all of the tech giant’s iconic products, from the iMac to the iPhone to the Apple Watch. Bracken Darrell met Rams, who is now retired and lives near Braun’s headquarters in Frankfurt, Germany. “He has inspired me immensely,” says the Swiss firm’s CEO. To implement Logitech’s new approach, Darrell recruited the head of design at Nokia, Alastair Curtis.

Today, the object that best symbolises Logitech’s rebirth is probably the UE Boom. The small, cylindrical speaker launched in 2013 is colourful, mobile, easy to use and produces quality sound. The UE Boom is the best-performing product in the group’s history, “a huge hit!” says founder Daniel Borel. Sales of portable speakers jumped 161% year on year in 2014, and the revenue generated by this segment has doubled in each six-month period over the past three years. “We are now No. 2 worldwide after Bose,” says Borel.

“With the Boom, we are successfully addressing a younger, more mainstream market,” the Neuchâtel native says. “It’s the kind of device that people take to the beach. It’s cool. It’s nice. It’s what we want to be. It’s what we used to be, because PCs used to be cool.” In the early 1990s, Logitech was already developing products with a “fantastic” design, the founder says. “We got lost along the way,” he admits, “but we eventually found the path back to our roots.”

In addition to connected objects and music – now key sectors alongside mice and keyboards (see infographic opposite)
– Logitech is putting its energy back into gaming, an area it had neglected for a while. Popular new devices have been launched for PC and console, with sales of video game peripherals climbing 29% year on year in 2014. Logitech is also investing in eSports, the competitions attracting millions of viewers both online and offline in arenas, by sponsoring teams. “eSports is taking off, and we’re in the middle of it all,” says CEO Bracken Darrell. The analyst Mark Diebold agrees, “eSports has become huge. You have to get involved to gain recognition, and that’s what Logitech is doing.” The group has also announced that it will scrap its OEM businesses, which accounted for 4% of total sales in the first half of 2015. And Lifesize, generating 4% of revenue, has been streamlined and restructured to develop cloud services accessible from any terminal.

NEW SITE, NEW LOGO
In July 2015, Logitech completed its metamorphosis by giving its corporate

Radical company transformations
LIKE LOGITECH, MANY LARGE FIRMS HAVE TRANSFORMED AT ONE POINT IN THEIR HISTORY TO REGAIN THEIR STRENGTH. HERE ARE A FEW EXAMPLES.

APPLE
THE STRENGTH OF DESIGN
For the better part of the 1990s, Apple was flailing due to competition from Microsoft and Intel and to investments in products, like the personal digital assistant Newton, that would later flop. After being forced out of the California-based firm in 1985, founder Steve Jobs returned and became CEO in 1997, the beginning of a new era.

The iMac, launched in 1998, became a hit with its all-in-one design. Developed with the creative force of designer Jonathan Ives and his team, the computer turned Apple into a company focused on design.

The tech firm took a different turn in 2007 when it changed its name from Apple Computer to Apple, releasing the first iPhone and Apple TV. The group no longer sold computers alone and wanted to make it known.

STARBucks
THE STRENGTH OF DIVERSIFICATION
The U.S. coffeehouse chain removed the words “Starbucks Coffee” from its logo in 2011. Today’s symbol now only depicts a mermaid against a green background.

The switch marks the new strategic direction taken by the group, founded in 1971, which has diversified to offer more than coffee. Starbucks is now active in tea, fruit juice, baked goods, pastries and even alcohol. A winning formula, as the company is doing quite well.

At the same time, BP undertook a large-scale rebranding campaign in 2000 to project a greener image. A new logo representing a sunflower or sun, whichever way you see it, called Helios – personification of the sun in Greek mythology – replaced the family shield dating back to the 1930s. A little reminder that the oil company is investing in solar power.

BP
THE STRENGTH OF A LOGO
BP undertook a large-scale rebranding campaign in 2000 to project a greener image. A new logo representing a sunflower or sun, whichever way you see it, called Helios – personification of the sun in Greek mythology – replaced the family shield dating back to the 1930s. A little reminder that the oil company is investing in solar power.

At the same time, BP introduced the slogan “Beyond Petroleum”. The campaign cost more than $200 million. But BP’s efforts would be wiped out by the oil spill in the Gulf of Mexico in 2010 following an explosion at the Deepwater Horizon drilling platform leased by the firm.

SALT
THE STRENGTH OF A NAME
The telephone operator Orange Suisse was rebranded Salt in April 2015, five months after being picked up by French businessman Xavier Niel for 2.8 billion Swiss francs. The change means that the company will no longer have to pay the French firm Orange 20 million Swiss francs per year in license fees and can now, more importantly, position itself as a newcomer launching new subscriptions. The campaign cost 40 million Swiss francs.

The company had lost 9,000 subscribers in the first quarter of 2015, shortly before the campaign. More recently, several managers have left the No. 3 operator on the Swiss market (after Swisscom and Sunrise). In June 2015, three of the seven executive management members left the company. And in December, CEO Johan Andresjö departed without a word.
identity a face lift. Its logo was brought in line with modern tastes by Design-Studio, the California-based agency that came up with the logo for Airbnb, the peer-to-peer travel accommodation platform. Logitech’s website was also given a makeover with splashes of bright, playful colours. The Logi brand has joined Logitech’s three other brands, each with its own strong identity. Logitech is for the company’s old products, UE (Ultimate Ears, bought in 2008) for music and G for gaming.

“The rebranding has been quite a success,” says Hervé Rigal, a partner at the design and communication agency Base Design in Geneva. “The brand’s image is more attractive and engaging than it used to be. And a better sell. Logitech still had the logo of a startup, having vaguely changed it over the years,” he says. “Now, this is a real overhaul to more clearly position the company as a leader in its business.

The logo is both fresh and technology-driven. And I think the new name, Logi, has a very friendly ring to it.”

Large-scale transformations like these are uncommon, the expert says. “Such radical change, if it isn’t studied carefully and integrated into a strategy, can be risky. But when it works, it breathes new life into the brand image and steers the company towards more relevant target groups,” Mr. Rigal says. “Brands are like people. They have their own identity that will never change, but they can act according to their personality. In this case, Logitech focused on developing its personality to appeal to an audience that is more sensitive to detail than to technology. And that’s powerful.”

Its strategy is paying off. Logitech resumed growth in 2014 for the first time since 2011. Profitability tripled in two years, and its share value more than doubled to around $15. “The new strategy seems to be working,” says Mark Diethelm from Mirabaud. “But the negative impact of exchange rates and restructuring costs are currently weighing on the group. In the second half of 2015, revenue rose 2% year on year to $540 million, while net profits slid nearly 50% to $18.1 million. Retail sales have increased 12% at constant exchange rates. But CEO Bracken Darrell won’t settle for this performance. “We still have a huge amount of potential.”

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Volkswagen (VW) has been grappling with a scandal of unprecedented proportions since an investigation by the U.S. Environmental Protection Agency revealed, on 18 September 2015, that the German automotive company had rigged diesel engines to cheat on emissions tests. Eleven million engines, VW specified four days later. The car maker knew about the report and had already admitted to the authorities on 3 September that it had committed fraud but had failed to inform the public. One mistake in a long string of them.

Why has the VW crisis had such far-reaching repercussions?

Simply because it was a serious offence. VW misled not only its customers but also the authorities by violating emissions standards in several countries. What’s more, it was done deliberately by a German car manufacturer recognised for its quality and reliability. The shock waves were as extreme as their deception.

What do you make of the car manufacturer’s response?

VW has made several communication errors which only aggravated the crisis. Basic principles were not followed. They should have reacted immediately to maintain control over the information, but they didn’t. When the company did finally make a statement, it wasn’t done clearly. In analysing the message, you realise that they didn’t really accept their responsibility. The CEO didn’t step down straight away. He eluded the issue. And there was no transparency. Information was fragmented. In the end, the response was inaudible, both for consumers and car dealers, who didn’t know what to say to their customers.

Is the CEO’s resignation inevitable in a crisis like this?

Yes, because it’s a problem of governance. When cheating affects that many people, there’s no other option. A company’s capital is based on its reputation, its credibility and the trust it inspires. In this case, the entire corporate culture is called into question. It’s not just a mistake committed by one person acting alone. The whole system appears to have been set up years ago, which means that trust is now breached. The CEO should have resigned immediately as a sign that responsibility had been taken. And the choice of Matthias Müller, the former boss at Porsche [part of the Volkswagen Group], to replace him doesn’t send a positive message. It doesn’t show that the car manufacturer is willing to break from its past.

Could VW have anticipated this crisis?

One of the fundamentals in crisis management is to be ready for anything. You always have to imagine the unimaginable. Not anticipating the worst-case scenario within the organisation represents a failure on the part of management.

Can we predict the long-term impact of this type of scandal?

Some think that VW will recover. That’s the feeling that the car maker has had in the past be-
cause it has bounced back every time. But in this situation, the long-term impact could be serious. Corporations have sunk in the wake of scandals, like Enron (the U.S. energy services firm that went bankrupt in 2001). The British oil company BP also took a severe blow following the oil spill in the Gulf of Mexico in the United States in 2010. In any case, tough years lie ahead for the Volkswagen Group. Not only will it be costly, but regaining trust will take time.

Precisely, the car maker had a reputation for being reliable. Can it restore its image?

Yes, because it has strong foundations. To rebuild, VW will have to create a new corporate culture, in which they take responsibility, and introduce an internal governance system by reviewing the dysfunction that prevailed. They need clarity and transparency. The individuals who embody VW’s brands must be able to offer the necessary credibility.

That’s not the direction they’re taking...

That’s right. For now, VW is addressing its most urgent needs, but they could still become more effective in their communication. That’s what a crisis is! It’s like a dam that is leaking all over the place, and you have to do whatever it takes to prevent the barrier from breaking. You have to maintain sales, develop a legal strategy, find concrete solutions, think about compensation, change the culture in-house, conduct an investigation and so forth. All under immense pressure. The problem is that time is of the essence. If management is poor from the outset, everything becomes more complicated afterwards.

Will VW’s competitors benefit from the group’s misfortunes?

What we should be asking is whether competitors behaved in the same way. I get the impression that some of them are keeping a low profile. That question needs to be answered. But as long as things are not cleared up, some consumers are not going to buy cars by VW, or even the four brands implicated (VW, Audi, Seat and Škoda). The group may even need to launch a major initiative, such as with the environment, to show that it is getting involved and changing its approach. By taking concrete, visible action that demonstrates a real commitment, VW will be able to regain consumers’ trust.

Christophe Lamps
Crisis Management Specialist
Dynamics Group
Will 2016 be ‘The Year of Bitcoin’?

The virtual money, launched in 2009, has been increasing in value nonstop. In 2016, one bitcoin could be worth up to several thousand dollars. But experts still aren’t sure whether it will catch on with the general public.

**The Question**

ADRIEN TRECCANI  
Doctor of Finance and founder of Metaco SA

ROGER WATTENHOFER  
Professor at ETH Zurich

EVANDER SMART  
Ex-JP Morgan banker Author at bitcoin.com

This expert says that as a currency, the bitcoin system has no future. But Blockchain technology will become more widely used.

As a currency, bitcoin is quite volatile. It can be worth 300 dollars one day and 3 dollars the next. It is therefore far too risky for the general public to speculate. The Blockchain technology behind bitcoin, however, is starting to gain ground. In concrete terms, it’s a network where individuals can connect without intermediaries. It offers an accounting database whose security is maintained by the entirety of the network. It’s a fast and low-cost system. Several banks are already developing this technology with financial assets other than bitcoin.

This IT professor believes bitcoin users will hold onto their bitcoins rather than spend them, which will create inflation.

Bitcoins are already ‘democratic’ in the sense that anyone can participate in their infrastructure. But every democracy needs a supervisory authority, which bitcoin lacks. Bitcoin’s rules and mechanisms were designed by an anonymous creator, and no government has made any changes to them. So you could say bitcoin is more anarchic than democratic. In 2021 for instance, the rate of new bitcoins introduced on the market will likely fall below 2% because owners who want to see their bitcoins increase in value will be less likely to spend them. But when a currency is no longer used as a means of exchange, you’re going to run into problems.

This American financial analyst believes that people have lost confidence in banks and are ready to invest in bitcoins.

I believe 2016 will be ‘The Year of Bitcoin’. First of all, despite a severe correction in 2014, bitcoin has been increasing in value nonstop – which is reason for optimism. Another positive sign: bitcoin production will be halved in 2016, whereas demand will remain stable. So the value of bitcoin should go up. Meanwhile, the euro and national currencies are losing credibility. People will be more tempted to invest their capital in bitcoins and manage it themselves. The bitcoin market boom goes to show that this system is becoming more and more attractive.
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Feature by Clément Burge, Ludovic Chappex, Benjamin Keller and Julie Zaugg
Collaborative consumption will continue to soar in 2016. And traditional firms have reason to be alarmed.

BY LUDOVIC CHAPPEX

Barbarians descending on Rome – that’s how sharing economy operators will infiltrate the world of established companies. The image described by the French business angel and graduate of France’s prestigious ENA, Nicolas Colin, cynically but insightfully points to the inevitable triumph of the sharing economy.

With its superstars Airbnb and Uber driving this new slice of global economy, peer-to-peer business is expected to grow nearly 30% per year worldwide over the next decade, from $15 billion today to about $335 billion in 2025.

The revolution has now spread from well-known sectors, such as accommodation and transportation, to an infinite spectrum of services.
With babysitting, money lending, restaurant ratings, delivery services and freelance marketplaces, people can now find (or offer) almost any good or service quickly, easily and whenever they want through the sharing economy. And technology – smartphone Internet access, geolocation and micropayments – has played an all-important role in fuelling this movement.

User comments and ratings give these platforms more and more credibility as they grow. The system is self-sustaining, generating ever more interaction and in turn money transfers. Every peer-to-peer transaction provides another opportunity for these marketplaces to deduct their percentage. Airbnb for example takes between 9% and 15% of the amount of each rental.

Traditional companies, especially hotel chains and taxi companies, suddenly look like dinosaurs. And they are making themselves heard. The darlings of the sharing economy have seriously begun to upset their way of doing business.

In November 2015, the hotel trade associations from a number of European countries, including France, Italy, Spain, Germany, the United Kingdom and the Netherlands, banded together to call the European authorities’ attention to what they condemn as unfair competition. The main gripe was that peer-to-peer businesses did not comply with the safety standards, legal framework or tax laws applicable to industry professionals. A textbook case, in fact.

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These insolent, opportunistic collaborative companies are not fighting with the same weapons as their old-model competitors. The newcomers bring the barriers to entry crashing down, as they pay next to no overheads. Their business model can be summed up as no employees, no inventory, no offices. Moreover, by adhering to the principle that whatever is not forbidden is permitted, they have no trouble slipping through legal loopholes, claiming the mantra that they’re defending the interests of consumers, and therefore the economy as a whole. Again, Airbnb and Uber are the most vocal and widely known examples.

But things are not all bad for old-fashioned firms, far from it. In the hotel industry, transportation, finance and even retail, some well-established giants have shrewdly joined forces with the most promising start-ups or simply bought them. The most striking example to date is General Motors, which in January invested $500 million in Lyft, Uber’s main rival, to develop a network of autonomous-driving vehicles.

Despite its name, the collaborative economy, also called the sharing economy, has little to do with solidarity. It’s not about helping each other but about having a clear grasp of economic interest. In fact, none of the terms typically used to describe the phenomenon are truly appropriate, except the newly coined “uberise”, referring to the ubiquitous ride-hailing company. The reality of the sharing economy is that anyone and everyone can, without scruples, put a price tag on their most costly (or insignificant) possessions and avoid buying things that they would use only occasionally.

Admittedly, environmental concerns and the rejection of unbridled consumerism – arguments to which the young generation is particularly sensitive – help drive the collaborative economy, for example with ride sharing. But these principles pale in comparison with the financial motives. A growing number of articles, blog posts and conferences have appeared, lamenting about the commercial nature of the sharing economy, with the original idealists expressing their anger and dashed hopes.
The importance of the sharing economy is difficult to estimate with any accuracy, like other sectors in the underground economy. No method is currently available to systematically measure its contribution to gross domestic product (GDP), as stated in a study by Credit Suisse.

For example, GDP fails to measure the payments received by a non-professional host who rents out a flat on Airbnb. Credit Suisse estimates that the sharing economy currently adds between 0.25% and 1% to Switzerland's GDP, representing up to 6 billion Swiss francs, based on its scenarios.

Given the strong growth of collaborative companies, experts believe that economists will have to rethink the method used for calculating GDP to better integrate these data.

**IMPACT ON GDP**

The French Prime Minister Manuel Valls did not mince words, referring to Uber’s practices as the “law of the jungle” and “modern-day slavery”. In the United States, the Obama administration has already stepped up checks and reclassified more than 100,000 sharing economy workers as employees. And if Hillary Clinton wins the race to the White House, peer-to-peer marketplaces will have to fall in line. The democratic candidate has announced that she would “crack down on bosses who exploit employees by misclassifying them as contractors”.

Although the Swiss authorities have shown little activism in the area, the European Commission is drawing up guidelines to propose to Member States. But the approach will clearly be a rather liberal one. In a 15 January statement, “Brussels is concerned that the actions of some governments and cities could be impeding collaborative enterprises and putting a brake on economic growth.” Now that sets the tone. No question, we’ll be hearing more about the collaborative economy in 2016.
“IT’S NOW TRENDY TO RENT OUT YOUR FLAT”

Airbnb continues to expand across the world at a dizzying pace, making hotel chains feel increasingly nervous. Swissquote Magazine met with Olivier Grémillon, Managing Director Europe for the peer-to-peer travel accommodation marketplace.

By LudoVic ChappeX

The artistic and bohemian Parisian district of the Folies Bergères is where the impertinent start-up Airbnb chose to open its European office. On the top floor of an old building in a vast, luminous flat transformed into open-space offices, some fifteen employees work on the marketing side of the most widely known peer-to-peer travel accommodation marketplace.

Viewed from the threshold of a Parisian door, what looks like a small communication or design business is in fact the European headquarters of the most powerful sharing economy company worldwide. Airbnb is an ogre valued at more than $25 billion. The start-up boasts in-your-face growth (see company fact sheet on p.41) and has surpassed the largest hotel chains in terms of number of rooms. Olivier Grémillon, Managing Director for Europe and Africa, agreed to meet us to discuss the company’s future and the many controversies it has set off among hotels and government authorities as well.

Despite its phenomenal growth, Airbnb is losing money according to the Wall Street Journal. What expenditures are currently preventing you from generating profits?

It may seem strange, but we don’t actually talk much about revenue or profitability here. The founders aim to create a company that will still be around in 100 years. We keep that objective in mind and try to come up with the best way to meet it. We’re currently in an investment phase. Airbnb began its significant geographical expansion in 2012, first in Europe.
and now in Asia, developing products, opening offices to move into new markets and recruiting people. All that takes resources.

Coming to my next question, you’re going to have to find more and more funding. Is an IPO likely?

We don’t necessarily have to launch an IPO for now. One of the reasons we might do that would be to give our investors some cash. They’re not asking for that for now.

What will Airbnb look like in five years?

We’ll be much bigger than we are today, and we’ll be offering more than just accommodation.

What sectors do you plan on moving into?

We want to offer services and businesses that complement accommodation. We’re just
The Californian firm follows two mantras: aesthetics and ease of use. An obsession inherited from its founders.

Talking about Airbnb without mentioning its never-ending obsession with design would be missing the point. Two of the San Francisco-based company’s three founders Brian Chesky and Joe Gebbia are industrial designers. The third Harvard graduate Nathan Blecharczyk, has a background in website ergonomics.

The three entrepreneurs make no secret of their admiration for Apple in terms of ergonomics and design. Everything at Airbnb, from the platform’s ease of use to the quality of the photographs on the website, reflects this taste for simplicity and elegance, which are ingrained in the company culture. Airbnb goes so far as to hire professional photographers who, on request, go out and photograph lodgings throughout the world – at no charge to the host.

“Design is a key concern for us,” says Olivier Grémillon. “The website’s ergonomics is carefully thought out by our teams in San Francisco [engineers, developers and designers all work at the Airbnb headquarters in California]. Airbnb has always avoided putting advertising on its website, even when, as the company was first starting out, it may have seemed the right thing to do.”

And it was not so long ago (2008) that broke flatmates Brian Chesky and Joe Gebbia were trying to raise funds to develop their project. It all began a few months later in the autumn of 2007, during an industrial design conference held near where they lived in San Francisco. To earn a bit of extra money, Chesky and Gebbia put together the website Airbedandbreakfast.com in two days, offering attendees to sleep at their place for a few nights on air mattresses (or “airbeds”) with a homemade breakfast every morning. Three people responded to the offer, and they made just over $1,000. The Airbnb concept was born, and with it the perfect anecdote for the company’s future storytelling.

Eight years later, Airbnb’s global success doesn’t seem to have sapped the original energy of its founders. “I’m in contact with them almost every day,” says Olivier Grémillon. “They frequently visit the different countries where Airbnb is active. Joe Gebbia often goes to Japan, and Brian regularly comes to Paris. They’re still very closely involved in the company’s operations.”
throwing around ideas at this point. More concretely, in the short term we’re also developing our business offer because many people use Airbnb for professional travel. For example, we’ve set up automated expense management, in partnership with the American company Concur. Nearly 20,000 companies have already signed up for this service, which simplifies their processes. You’ll find firms like Google and Salesforce along with small businesses that employ 5 to 10 people.

Are more and more business travellers using Airbnb?

Yes. But the leisure segment is also on the rise, so the share of business travellers remains essentially the same. Roughly 10%. A lot of people fall somewhere between these two categories. That’s what we call “bleisure” [portmanteau of business and leisure], an unsightly name that refers to travel blending professional obligations with holiday time.

It’s interesting to note that, based on your statistics, the average Airbnb user is relatively older (over 40). Happily travels with his or her family and is often from an affluent background.

That’s true. But we have users from a broad range of socio-economic categories. Some people pay more than €1,000 a night for a flat. For example, there’s a businessman from New York who comes to Paris for about a week every month, always in the same neighbourhood. The flat he rents allows him to have his local Parisian lifestyle and have his friends over for dinner.

In that example, what is the host’s profile? What kind of person would rent out a luxury flat to a total stranger?

Mindsets are changing. People who own a high-priced flat and rent it out on Airbnb don’t necessarily do so to make money. They also think it’s natural and healthy to share their lodging when they’re not there. Let me give a real-life example. A woman that I first met four years ago owns a lovely flat. At the time she explained that she was happy to rent out her flat on Airbnb while she was away for a long weekend, but she didn’t want her friends to know because she was afraid they would think she needed money. I saw her about six months ago, and her perception had totally changed. She said that among her friends, it was those who didn’t rent out their flat that looked ridiculous. It has become trendy.

“I’m in regular discussions with the CEO of Accor.”

So I imagine you rent your flat on Airbnb? You basically almost have to...

(Smiles) I rent out my flat for the Christmas holidays for example. It’s not even about money. It’s just a pity to leave a flat empty. You have to get over that slight apprehension of the first time. You wonder if people will take good care of your stuff. When everything goes well, you want to keep doing it.

Have you noticed any differences between the countries where Airbnb is active?

There are quite significant differences between countries. In India people like opening their homes to strangers, but more when they’re there. There’s also some divergence between European countries. In the United Kingdom, people are more willing to rent a room than their whole home. In France, however, most hosts rent their entire residence.

What is the proportion of incidents or problems reported to Airbnb? Is that number decreasing?

The number of incidents has fallen as the years go by. It always surprises us. The fact that people post comments about each other has a virtuous effect. Everyone pays close attention to their behaviour. When people leave a lodging, they do the dishes and even make the bed. It’s funny because the hosts most likely wash the sheets.

You’re often criticised for going overboard with storytelling, even though the original spirit of Airbnb is sometimes deformed. Some entrepreneurs use your platform to make money. It’s become a profitable business.

Those attacks are common but generally false. That’s why we provide more and more figures to show that the original spirit has not been tainted. In France, 93% of people who rent out their flat on Airbnb own one home. They are not rental professionals. If you look around you’ll probably find agencies that have rented dozens of flats, but that’s far from being the majority of users.

How are your day-to-day relations with hotel chains? Do you talk frequently with their managers? Do they threaten you?

We have relations with hotel chains and unions. Of the five or six major chains operating worldwide, we talk to everyone. I run into Accor CEO Sébastien Bazin fairly regularly. We are very friendly with each other and even take part in the same conferences. He doesn’t hesitate to say that Airbnb can be a source of inspiration for them, for example in the area of photography and design.
But aren’t you concerned about the increasingly insistent protests from hotels? Entire federations have recently formed to call for changes in legislation in a number of countries. Your business model could be seriously compromised if their demands are met.

Hotel unions are doing their job and trying to protect their industry. But many hotel professionals realise that our business is complementary to that of hotels and not one that takes market share away from them.

But that does happen sometimes...

We’re in an industry that is growing 5% every year, which leaves some room for everyone. Airbnb provides extra capacity when, in cities like Paris, occupancy rates get close to 100% at certain periods of the year or when exceptional events take place. That said, there are many points where we can move in the direction that hotels want – for example collecting the tourist tax. But there are other demands that seem less relevant to us and that aim to limit Airbnb’s growth more than anything. For example, asking that all stays lasting less than seven days be reserved for hotels. Why? What’s the economic reasoning behind that? Basically, we discuss anything but don’t accept everything.

In December 2015, SNCF backed out of a symbolic partnership with Airbnb at the last minute, visibly under pressure from the hotel lobby. The agreement would have allowed travellers, with the support of SNCF, to rent out their home while away. Did that sudden turnaround spark any anger on your side? Isn’t it a sign of worsening relations with hotels?

It’s really a pity that hotel lobbies oppose a partnership that would allow travellers to develop their purchasing power and finance their holidays. In a poll later conducted by SNCF, 66% of the French population surveyed saw the agreement as positive. With these sorts of partnerships, we help develop tourism in France – a goal that the entire industry should share.

A lot of cities also want to limit your latitude. That’s what’s happening in Paris, New York, San Francisco, Barcelona and Berlin. They’re accusing you of driving up rent prices and replacing residents with tourists. To calm the situation, aren’t you tempted to stay a step ahead of legislators and, in doing so, protect yourself?

Most of the time we agree with the public authorities. The city of Paris obviously doesn’t want 75% of its residences to become tourist rentals, and neither do we! I’m Parisian and I want Parisians to be able to continue living in their city. We’re trying to work together to make sure that things balance out, whether it’s potential competition with other types of accommodation, the impact on rent prices or collecting the tourist tax. I’d like to add that there is no evidence-based data showing a correlation between rising prices and Airbnb.
In your day-to-day work, how much time do you spend discussing matters with the authorities?

I spend a lot of time talking to officials. People don’t necessarily understand our business model, so it’s important for us to explain it to them. You have to realise that, in most cities and countries, there are no regulations covering short-term peer-to-peer rental. That’s actually not ideal for us, because we don’t know exactly what to tell hosts, and it’s also a problem when dealing with the local government. Contrary to what people might think, we’re quite happy that laws are being passed – if they’re negotiated and fair – because they clarify what’s legal and what’s not.

Don’t you have the feeling that governments are currently dithering over the issue?

Business leaders seem to hesitate between encouraging the sharing economy, which drives growth, and protecting the business of traditional sectors. Uber is a case in point.

Some governments are better prepared than others, but I feel that most of them are moving in the same direction. They encourage this new economy, which benefits tourism and the purchasing power of their fellow citizens. Everyone stands to gain something, but we need structure to prevent certain practices from producing negative effects. In France, we’ve been talking about all that for four years. The authorities now have a broader perspective of the phenomenon and seem to be taking quite a pragmatic approach. The British are also very pragmatic. They changed a law a few months ago to allow Londoners to rent out their residences. Members of the government were even encouraged to do it when they went on holiday. And citizens earning less than £7,000 per year are exempt from paying tax on the rental income. It’s easy to see a developing trend to encourage and promote the sharing economy.

The governments also understand that it’s a movement that’s impossible to stop. When you take part in ride sharing with Blablacar, putting four people in a car for a trip from Paris to Lyon, it’s logical. When you rent out your flat because you’re not there for two weeks a year, it’s logical. No one can stop this trend. So we’re better off providing a framework for the phenomenon and preventing bad practices.
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THE TRADITIONAL ECONOMY
The traditional business model is characterised by multiple intermediaries, which each take a commission along the way.

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$24,000 bn

THE NEW ECONOMY
With the Internet, manufacturers and service providers can short-circuit distribution networks.

2015 Revenue
$1,600 bn

THE NEW NEW ECONOMY
The sharing economy has disrupted the business model by allowing consumers to engage in the recirculation of goods and services.

2015 Revenue
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AND SERVICES

PRODUCTS

AND SERVICES

CONSUMERS

CONSUMERS

CONSUMERS

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Demand for products and services

Demand for products and services

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THE SECOND INTERNET REVOLUTION

THE TRADITIONAL ECONOMY

The traditional business model is characterised by multiple intermediaries, which each take a commission along the way.

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$1,600 bn

THE NEW NEW ECONOMY

The sharing economy has disrupted the business model by allowing consumers to engage in the recirculation of goods and services.

2015 Revenue

$15 bn

WHAT?

ACCOMMODATION

AIRBNB...HOMEAWAY...HOUSETRIP...ONEFINESTAY...SHAREDESK...TUJIA...

TRANSPORTATION

UBER...BLABACAR...OLA CABS...LYFT...DIDI KUAI DI...PARKU...GRABTAXI...

SERVICES

TRIPADVISOR...HOUZZ...ETSY...FREELANCER.COM...INSTACART...OFFERUP...THUM BTACK...UPWORK...

FINANCE

LENDING CLUB...FUNDING CIRCLE...PROSPER...TRANSFERWISE...KICKSTARTER...CASHARE.CH...

HOW MUCH?

A BOOMING MARKET

Annual revenue of the sharing economy

$335 bn 2015

$15 bn 2013

2025

PEER-TO-PEER FINANCE IN THE LEAD

Annual growth (2013-2025)

+63%

+37%

+31%

+23%

40%

60%

Sectors

Finance

Online jobs

Housing

Car sharing

A MILLENNIAL THING

Willingness to participate in the sharing economy

35%

17%

7%

1%

Retired (65 years and +)

Baby boomers (50-64 years)

Generation X (35-49 years)

Millennials (21-34 years)

Generation Z (-20 years)

7%

7%

7%

35%

WHO?

FRENCH-SPEAKING SWISS SHARE MORE

Percentage of the population in favour of the sharing economy

65%

32%

94%

BUT FAR BEHIND THE CHINESE

Source: A.T Kearney, Credit Suisse, Deloitte, Nielsen, PwC

BY LUDDVIC CHAPPEX AND BENJAMIN KELLER | DESIGN: CAROLINE FISCHER
COLLABORATIVE CHAMPIONS

Transportation, housing, finance, leisure, jobs. Virtually no sector has escaped the sharing economy. Here we present our selection of the brightest stars.

BY BENJAMIN KELLER

EBAY
The auction-sales veteran.

The online consumer bidding platform was a pioneer of the sharing economy twenty years ago. Today eBay, which does not actually own any of the goods sold, has firmly established itself as a collaborative giant. Its user base of 159 million active buyers continues to grow, as do its revenues. eBay owns other auction websites, including Argentina’s MercadoLibre, active throughout Latin America. After the split from Paypal, the online payment service, in July 2015, eBay’s share price tumbled, but analysts expect the group to outperform the market.

AND...

BLABLACAR
The world’s leading ride-sharing service
Valuation: $1.5 billion

ETSY
The online marketplace for hand-made crafts
Capitalisation: $827 million

FREELANCER.COM
The Australian platform for free lancers
Valuation: $600 million

FUNDING CIRCLE
The peer-to-peer online lending service for small businesses
Valuation: $1 billion
UBER
The private taxi service darling of investors.

The collaborative consumption icon is the company of private drivers providing on-demand service. Uber has revolutionised the urban transportation industry. And drawn strong criticism. The counts against the company include unfair competition, the lack of benefits for drivers - considered independent contractors - inciting undeclared work and tax evasion. Legal obstacles are being raised in several countries. To top it off, Uber’s plans for expansion are being thwarted by an alliance between Lyft, its main rival in the United States, and Didi Kuaidi, Ola Cabs and GrabTaxi in Asia.

TRIPADVISOR
The travel consultant giant.

The self-proclaimed “world’s largest travel site” – with more than 375 million unique monthly visitors, 250 million reviews and opinions covering 5.2 million accommodations, restaurants and attractions – no longer wants to limit itself to recommendations. TripAdvisor recently launched its service used to book hotel reservations directly on its website. Today, the group’s subsidiary Flipkey seems to want to compete with Airbnb and other peer-to-peer travel accommodation platforms by offering the same rental booking function. Analysts recommend holding its shares.

AIRBNB
The website that transforms flats into hotel suites.

The California-based start-up is worth more than the world’s largest hotel chains, surpassing nearly century-old groups such as Marriott and Hilton. But Airbnb does not even own a single room and employs 1% of the number of staff employed by Hilton. The community platform for peer-to-peer accommodation rental boasts more than two million listings – including upwards of 1,400 castles! – in over 34,000 cities. Revenue is expected to reach $900 million in 2015, up more than 400% over two years, but the Wall Street Journal says Airbnb continues to lose money.

HOUSING

Capitalisation
$10 billion

Revenue (2014)
$1.2 billion

Workforce
3,000

Headquarters
Newton (United States)

Valuation
$25.5 billion

Revenue (2014)
$423 million
(estimate)

Workforce
1,600

Headquarters
San Francisco
(United States)

GRABTaxi
The Asian taxi-hailing app
Valuation: $1.6 billion

INSTACART
The company that turns neighbours into “personal shoppers”
Valuation: $2 billion

KICKSTARTER
The precursor of crowdfunding
Valuation: $15 million
(public benefit corporation)

NEXTDOOR
A neighbourhood networking service for finding a babysitter
Valuation: $1.1 billion
LYFT
The nicer competitor of Uber.

Is Lyft just an Uber copycat? The two American apps used to hire vehicles driven by private owners offer similar services. But Lyft is considered closer to its drivers by conducting more in-depth interviews than Uber. The start-up has also developed a “friendlier” image, symbolised by the pink moustache which used to feature on the cars operating in its network. Lyft covers 200 cities in the United States and is active in Asia through its partnership with Didi Kuaidi, Ola Cabs and GrabTaxi. But the collaborative company has been losing tens of millions of dollars a month, as a data leak revealed in November 2015.

DIANPING
The tips and advice site for 1.3 billion Chinese.

The sharing economy is thriving in China, and Dianping is one of the companies spearheading the movement. This website used for service reviews (similar to Yelp or TripAdvisor) and deals (like Groupon) boasts more than 200 million active users and covers more than 12 million local companies. Dianping is partly financed by the Chinese tech giant Tencent, which incorporated it into its popular social network WeChat. In October 2015 Dianping merged with the Chinese coupon company Meituan, valued at $7 billion, to create the largest local services platform in the country. The two companies operate independently.
**LENDING CLUB**
The person-to-person loan service.

This peer-to-peer lending company was the first platform to register with the Securities and Exchange Commission (SEC), the American law enforcement agency for financial markets. Lending Club connects lenders and borrowers, charging service and origination fees. The bank Credit Suisse says that alternative finance platforms like Lending Club offer returns that “easily” beat those of other financial institutions (average of 6% to 8% with Lending Club versus nearly 0% for a savings account) due to lower operating costs. Analysts believe the company will outperform the market.
HOUZZ
Interior decorating reinvented by a Californian couple.

Houzz was first created by a couple that was remodelling their home as an online forum to share photos, exchange ideas and find designers and architects. Today, their little project has grown into a platform with more than 35 million monthly unique users and a database containing more than 8 million photos of interiors and exteriors. Home owners can find inspiration, buy furniture and accessories and contact designers. Meanwhile, decorators, designers and architects can show their work, contact customers directly and work with them remotely.
**OLA CABS**  
The Indian Lyft.

The Bangalore-based transportation service Ola Cabs covers 102 cities in India. Along with Didi Kuaidi in China, the app is Uber’s other major competitor in Asia. GrabTaxi is another operator based in Singapore and active in six Southeast Asian countries: Malaysia, Thailand, Vietnam, Indonesia, Philippines and Singapore. In early December Ola Cabs and GrabTaxi joined the “strategic partnership” initially forged between Didi Kuaidi and the U.S.-based Lyft to form a united front against Uber. This alliance means that a Lyft customer in the U.S. can order a taxi in India using the Ola Cabs app and vice versa.

**HOMEAWAY**  
The person-to-person vacation home exchange.

HomeAway is the Airbnb of holiday lettings, with more than a million listings. Owners can either pay per booking or pay a flat annual fee. The peer-to-peer holiday letting market could grow 400% between now and 2020, says Credit Suisse. If the momentum continues, “hotels and their suppliers could feel some pressure,” the bank says. In November 2015, HomeAway was bought by the American online travel specialist Expedia for $3.9 billion. Analysts recommend holding its shares.

**ZOCDOC**  
The service that connects patients and doctors  
Valuation: $1.8 billion
The sharing economy has begun to eat away at the revenue of traditional firms. Some could even end up going bankrupt. Here we present an overview of the industries at the highest risk.

Some firms will see a dramatic drop in revenue over the next few years,” says Michael Cusumano, Professor of Technological Innovation at MIT Sloan School of Management. “We’ll be seeing a lot of bankruptcies. Have you noticed the number of bookshops that have disappeared in recent years due to e-commerce? The same phenomenon will spread to other industries.”

Traditional companies affected by the sharing economy are not fighting with the same weapons as their new competitors. “Sharing economy companies require little investment,” says Michael Grampp, head economist at Deloitte Switzerland, which has recently published a report on the collaborative economy. “Uber didn’t need to buy a fleet of cars to start a taxi company. Airbnb didn’t have to build hotels to rent rooms. What’s more, these organisations pay minimal payroll expenses, as most of their ‘staff’ are independent contractors and supply adapts almost automatically to demand.”

What this all comes down to is that traditional firms no longer have any choice. They have to join in, by forging partnerships with collaborative start-ups, by investing in them or by descending into the arena. “How can they know their enemy and understand what consumers want these days without being part of the adventure?” says Michael Grampp. Audi and BMW have, each in their own way, launched car sharing programmes.

But the sharing economy is not only a source of threat for traditional companies. Some actually stand to gain from the movement. A report by Credit Suisse predicts that car rental agencies like Hertz and Avis will benefit from the fact that consumers will be buying fewer vehicles. They may use platforms like Uber for getting around in cities, but consumers will be renting cars from traditional agencies for longer trips. Some reports predict that another sector likely to benefit indirectly from this trend is insurance. People who rent out their flats or cars on a peer-to-peer marketplace will have to take out an insurance policy to protect their property.
EFFORTS FROM CAR MANUFACTURERS

Car manufacturers such as BMW, Audi and GM are each trying to find their own way of riding the sharing economy wave.

The automotive industry is a direct target of the sharing economy. Platforms like Uber and Lyft are not only disrupting the taxi market but are also making car builders jittery. The economic intelligence firm BMI Research expects car ownership rates in North America and Western Europe to drop from 431 to 425 cars per 1,000 people between 2014 and 2019 due to the sharing economy. “This poses a major risk to large-scale car manufacturers whose financial performance is heavily reliant on their ability to continue growing their sales volumes,” says analyst Tom Glendinning in a report.

Most of the heavyweights in the automotive industry have already responded by setting up their own ride-hailing services. Ford Motor Company unveiled GoDrive, its pay-per-minute carsharing programme, in London in 2015. BMW introduced its own carsharing programme in 2012, DriveNow, partnering with Sixt in a number of European and U.S. cities. That same year, General Motors launched OnStar, a peer-to-peer platform allowing car owners in the United States to rent out their vehicle. In an even bolder move, GM invested $500 million in Lyft, Uber’s main rival, in January 2016, to jointly develop a network of autonomous-driving vehicles.

Audi has taken a unique approach with the Unite initiative, in which up to four people can team up to buy a
car together. An app calculates how much each circle member uses the car, how costs should be split and how much petrol is left in the tank. The service is currently being tested in Sweden.

These programmes offer two main advantages. First, they offset the decline in car sales to individuals by increasing sales to sharing programmes. Second, car manufacturers can use these programmes to promote their electric cars, which they’re struggling to sell, by making them available to users on peer-to-peer marketplaces.

DHL’s MyWays programme offers yet another angle, letting people planning a trip to a certain area earn some extra money by delivering packages instead of DHL doing so. This move by the German group is also a way of standing up to Uber, which launched an experimental version of a similar delivery service using its network of drivers.

Hilton, Accor and InterContinental have not reacted yet

The Ascott group has also moved towards peer-to-peer, investing $45 million in Tujia, the young “Chinese Airbnb” that features 310,000 listings. The company wants to use the platform to penetrate further into the Chinese market, benefiting from its reputation and online expertise.

However, Hilton, Accor and InterContinental have not reacted yet. The only notable example is Hilton’s arguably feeble foray into a partnership with Uber to offer the platform’s ride-hailing services to its guests. Richard Solomons, CEO of Intercontinental, dismisses any suggestion of danger coming from Airbnb. “People trust us because we’re extremely regulated. When we open a new hotel, food quality is inspected and our hotels are safe,” he says. “If there’s a fire at an Airbnb lodging, you don’t know what will happen.”

A MORE SERIOUS COMMITMENT FROM RETAIL

Large retailers such as Amazon and Walmart are beginning to grasp the potential of the sharing economy.

Retail giants are having a go at crowd-sourcing. Walmart and Amazon are letting customers deliver products ordered by other people. This system enables Amazon to better manage its deliveries, especially during peak periods like Christmas, says Morningstar.

Home Depot, a large DIY retail chain in the United States, has launched a programme used to rent tools such as hammers and drills.

Meanwhile, eBay has teamed up with the clothing brand Patagonia to create a store where customers can buy and sell pre-owned winter clothes and gear. This helps to improve Patagonia’s brand image, highlighting its pledge to sustainability, says a report from Retail Category Consultants, a Canadian retail consulting firm. The report notes that Patagonia even managed to increase its sales, as the message and its ideals appealed to consumers.

The U.S. drug retail chain Walgreens has set up a partnership with TaskRabbit, a collaborative start-up where people can outsource tasks to anyone to do “just about anything”. TaskRabbit’s “taskers” are hired to deliver medicine to Walgreens customers.
RETAILIATION FROM BANKS

Aware of the threat of crowdfunding, banks are now investing in peer-to-peer lending platforms or partnering with them.

Crowdfunding presents a potential threat for banks (read also p.50). “They only make money when a customer uses more than one of their services,” says Simon Mathews, CEO of Extractable, a digital strategy consulting firm based in San Francisco. “If a customer transfers money using TransferWise, then borrows money through a peer-to-peer service, that’s bad. The customer costs them money.”

That realisation has jolted banks into action. Most large banks now work with peer-to-peer platforms. JPMorgan Chase announced that it would be granting loans of up to $250,000 to small businesses in a joint venture with On Deck Capital. BBVA launched a similar system with the same marketplace. Goldman Sachs is setting up its own service, where individuals can lend each other money.

Citibank and Lending Club have also sealed an agreement. The start-up will offer up to $150 million in loans to “underserved borrowers”. Credit Suisse invested $165 million in Prosper, alongside JPMorgan and BBVA. These agreements may appear contradictory at first. Finance start-ups are in fact created out of the widespread mistrust of traditional banking institutions. But the message coming from these newcomers is changing. “When we say that we want to transform the banking system, that doesn’t mean that we’re going to take on banks,” says Renaud Laplanche, CEO of Lending Club. “We think that banks can benefit from this transformation.”

In practice, large banks seeking to trim their balance sheet often refuse to grant small business loans. And that kills their image. Joining forces with a peer-to-peer lending platform offers a way to continue providing this type of credit without bearing the cost or risks. And both sides gain from it.
Investing in a start-up, getting a loan, transferring money or managing your wealth – these transactions are now (also) taking place between individual users. A presentation of peer-to-peer finance broken down into four categories.

BY JULIE ZAUGG

1 FUND-RAISING

Two years ago when the 25-year old Geneva-based entrepreneur Taha Bawa decided to start his own company, he faced the classic hurdle of raising funds. “For every person who invests in your project, three others turn you down,” he remembers. “That process takes a huge amount of time and energy.” His problem has since been resolved. He founded Goodwall, a start-up that helps students get into the university of their dreams through a crowdfunding platform. Mr. Bawa sought out funding for his project using the Swiss website Investiere.ch, which lets ordinary investors finance start-ups in exchange for shares in the companies the students create. “We raised 700,000 Swiss francs that way, out of a total 2.1 million Swiss francs,” he says. “Instead of having to pitch to 50 different business angels, in a single go, we had access to small investors, each willing to invest 10,000 to 50,000 Swiss francs. We could never have raised that much through traditional fund-raising channels.”

Founded in 2010, Investiere is one of a small group of firms specialised in equity crowdfunding, like EquityNet, OneVest and FundersClub in the United States and Seedrs, Crowdcube and SyndicateRoom in the United Kingdom. Since it began, the Swiss company has completed 34 fund-raising rounds which have landed 14 million Swiss francs, for an average 400,000 Swiss francs per start-up.
Peer-to-peer transactions now represent $30 billion worldwide. Leading the pack are Prosper and Lending Club in the United States and Funding Circle and Zopa in the United Kingdom.

“We act as intermediary between lender and borrower,” says Michael Borter, director of the Swiss peer-to-peer lending platform Cashare.ch. “When someone wants to take out a loan on our website, we check their financial position, give them a rating of A to C and then auction the loan.” The debtor sets the interest rate. Rates average between 8% and 12% on Cashare on loans worth an average of 17,000 Swiss francs. “Loans can be used to finance education, a dentist bill or furniture purchases,” says Michael Borter.

Lenders are mainly motivated by the high interest rates on these platforms. “With banks introducing negative rates, peer-to-peer loans offer a good way to put your savings to work,” says Vincent Pignon, president of the Swiss Crowdfunding Association. Peer-to-peer lending lets people choose whom they lend to. “We can give meaning to our savings by supporting the local economy or a project we’re passionate about,” he says. Some websites have even specialised in “humanitarian” loans, such as Kiva and Wokai, where investors can finance micro-entrepreneurs in developing countries, or student loans, including GreenNote and CommonBond.

Even small and medium-sized companies have begun using these platforms. “Banks are less and less willing to grant loans to entrepreneurs, especially small amounts with low returns,” says Sam Ridler from the UK Peer-to-Peer Finance Association.

But peer-to-peer lending is not all rosy. Expert observers criticise the fact that the initial concept has been deformed to benefit big investors. That is what the UBS employee recounted under the pseudonym Jonathan McMillan in his book, The End of Banking, which looks at marketplace lending. The author laments that small savers are being squeezed out of peer-to-peer finance by institutional investors like pension funds and hedge funds, which offer more attractive interest rates because they know that the government will bail them out if they go bankrupt. Ninety percent of Lending Club’s investors are institutional. The platform has even signed an agreement to offer its loans through Citibank. It’s terribly inefficient, the banker complains, as intermediaries are added to the process instead of being eliminated. He believes that more intelligent regulation could overcome the problem, citing how the United Kingdom has adopted a series of laws to promote crowd-based finance among individuals by exempting peer-to-peer loans from taxes.

Despite all of its advantages, crowd-based finance presents problems of trust and security, especially in lending. “These loans are not protected by a bank guarantee,” points out Vincent Pignon, president of the Swiss Crowdfunding Association. “There is a genuine risk for investors.” In the United States, where many people use peer-to-peer platforms to refinance their debt, 3% to 5% of the loans go unpaid. That percentage is lower in Europe – for example 1% for Cashare and 0.6% for Zopa – as platforms are generally more careful about the credit-worthiness of their borrowers. Some sites offer additional guarantees, like Darwinex, which provides insurance that protects investments for amounts of up to £50,000.
3 MONEy TRANSfeRS

Participatory finance has also invested in payments. Venmo is a PayPal-owned app used to send money for free by email. TransferWise lets users convert money into a foreign currency by connecting them with someone who wants to make a transaction in the opposite direction. The cost is limited to 1% of the transfer – and even 0.7% for transfers of more than $5,000 – averaging eight times less than with a bank.

Companies use the peer-to-peer platform MarketInvoice to sell their unpaid invoices and improve their cash flow. Investors collect their money when the invoices are paid, with interest.

4 WEALTH MANAgEMENT

Wealth management is a very promising area of peer-to-peer finance. The New York-based start-up Estimize crowd-sources its members’ estimates for various share prices. These collective forecasts are often more accurate than those of banks. Wikifolio, Covestor, ZuluTrade and eToro are social networks used by traders to post their trading strategies online to help investors. They then receive a percentage of the profits.

The UK-based Darwinex, founded in 2012, has pushed the concept even further. “We bring together 10,000 traders from 35 countries on our platform,” says its CEO Juan Colon. “They’re all competing with each other to attract money from investors, which encourages the survival of the fittest.” How it works is that users invest their money in trader strategies with the best rating, as they would buy a share at a good price, and Darwinex makes the transaction. Traders get 20% of the profits made using their brain power. Darwinex eventually hopes to combine the best strategies into a fund that could be sold like an ETF.

AT SWISSQUOTE, THERE’S STRENGTH IN UNITY

Our online bank allows customers to share advice. Paolo Buzzi, co-founder and CTO, explains all.

“Although we are exclusively an online bank, we have always considered the social aspect to be extremely important. From the outset, we set up an internet forum allowing our customers to share their ideas. The launch of the Online Wealth Management service in 2005 made it possible for users to compare their risk levels.

Now, we want to go one step further. This year, we are enabling customers on the e-Private Banking platform (automated portfolio management) to anonymously share their investment strategies.

Taking into account the suggestions of our electronic asset manager, each user can personalise a number of parameters (by giving certain sectors more weighting or excluding certain securities, for example).

By sharing their own strategies, customers can automatically access the strategies of other customers who are also taking part in this initiative. In other words, give and you shall receive.”
“Blockchain is the final piece of the puzzle”

Blockchain, the technology behind the virtual currency bitcoin, will usher in a new era for the sharing economy.

By Lisa Gansky

TransferWise for money transfers, Venmo for payments and Auxmoney for peer-to-peer lending are some of the success stories from the first wave of collaborative finance. These agile peer-to-peer (P2P) marketplaces are able to respond to surges in demand while the cumbersome 20th-century model sputters along.

But these start-ups are not structured and funded using outdated, ill-adapted systems. Enter “blockchain”. This more streamlined technology that drives bitcoin thus eliminates intermediaries from social and economic interactions.

Technically, blockchain is a vast network made up of a constellation of computer servers. They all contribute to forming a decentralised database, in which all transactions are recorded and made readily available. With its architecture of systemic collaboration, blockchain unleashes the true potential of P2P. It is the final piece of the puzzle that will make the sharing economy truly shared.

Blockchain’s transparency has validated the long-held suspicion that the interchange between customers and banks was one-sided and grossly over-compensated.

Blockchain has driven insurance companies and banks to completely rethink their approach to service. But they too can benefit from this promising technology. By removing intermediaries, they can cut their operating costs and provide faster, more secure transactions.

And if they fail to react, banks could end up with a carcass of low-margin transactions and services, while clever start-ups – such as the peer-to-peer lending service Zopa – score the best customers and demolish their business model.

However, by early 2016, more than 150 banks and brokers were testing and integrating blockchain partnerships.

For companies operating in finance, their biggest risk is doing nothing. Because others are moving forward. For example TransferWise circumvents banks by operating outside classic regulatory practice. An organisation’s ability to explore and learn rapidly is a measure of whether it is fit to thrive. Blockchain technology and the pervasive shift towards an open operating system invites them to stop hiding behind regulations. So, bankers, it’s time to experiment!
THE CHALLENGE OF REGULATION

Uber and Airbnb are a nightmare for regulators in American and European cities. Local governments have even banned some of these marketplaces, creating a legislative mess. Experts have suggested some solutions. Read below to find out more.

BY CLÉMENT BÜRGE

UBERPOP: SYMBOL OF ALL EVIL

Striking taxi drivers burn tyres during a national protest against car-sharing service Uber in Marseille, France, June 25, 2015. Banned in France, Germany, South Korea and some American cities, UberPop – the service where anyone can become a taxi driver for a few hours – has caused a scandal. Traditional taxi drivers are rising up against this competition, which they deem unfair.
HOW SHOULD USERS BE PROTECTED?

The sharing economy delegates risk. A traditional company, such as a hotel, has to make sure that its room is in proper condition before charging for its use. That’s not how it works on collaborative marketplaces. Nothing fully guarantees that the holiday flat on Airbnb won’t be a hovel. Conversely, people who rent out their lodging on one of these platforms run the risk of seeing it ravaged by a thoughtless tourist. Insurance protects against certain losses but for now it doesn’t necessarily cover all the problems users can encounter.

1. SET UP THIRD-PARTY ORGANISATIONS
Experts think that the government should set up independent organisations to make sure that rules, which would guarantee minimum quality standards, are followed. Charters drawn up by national associations of physicians or lawyers could be used as models.

2. MAKE BETTER USE OF ONLINE COMMENTS
“User comments provide precious information about the condition of a room or vehicle,” says Daniel Dalton, a British Conservative Party Member of the European Parliament, who specialises in the sharing economy. “Users are always commenting about the quality of services provided by different platforms. That’s currently the best way to prevent any unpleasant surprises.”

3. ACCEPT THE RISK FACTOR
“Consumers send out the following message, ’I’m willing to take a risk for a cheaper taxi,” Daniel Dalton says. “Eventually we’ll have safe, expensive products and other cheaper, but less reliable ones. Consumers will have to decide which they prefer.”
Taxing income is one of the main problems raised by the sharing economy. It’s hard to justify taxing a shared good. Let’s take the example of BlaBlaCar. This service connects car owners with passengers who want to travel to the same destination. The passenger gives the driver money to cover the expenses of the trip, but no profit is generated. So there’s nothing to tax. “The government says it wants its share of the pie, but there’s no pie,” says Vanina Schick, who is in charge of marketing at the French company. “Passengers and drivers help each other out. That’s all there is to it.”

“It would be ridiculous to ask someone to complete a tax form for a few cents. And it would be too expensive for the government to make sure that everyone is following the rules.”

Arthur De Grave, Editor-in-Chief of Ouishare magazine

But some grey areas have emerged out of this legislative void, which the sharing economy has gladly exploited. Some Uber drivers operate without a taxi driver’s licence, much to the dismay of their traditional competitors, who have to comply with applicable laws, and of the government, which is watching its tax revenue go up in smoke.

These start-ups are protected by the high number of transactions they carry out and the trivial amounts they represent when taken individually. That’s the problem with travel accommodation specialists like Airbnb. “In some cases, the hotel tax comes to only a few cents,” says Arthur De Grave, chief editor of the French collaborative economy magazine, Ouishare. “It would be ridiculous to ask someone to complete a tax form for a few cents. And it would be too expensive for the government to make sure that everyone is following the rules.”

1. AUTOMATE PROCESSES

In a growing number of cities, Airbnb users now pay a tourism (or hotel) tax. For example, travellers pay €0.83 per night in Paris and 4.5% of the total price of their accommodation in Chicago. Amsterdam collected €5.5 million in 2014 through this type of tax. To simplify the administrative process, many cities ask Airbnb to centralise tax collection. Users are automatically billed for the tax, and the company in turn pays it directly to the local tax office.

In Switzerland, the city of Lausanne has begun to collect the tourist tax from Airbnb users, but in this case it is not automatic – hosts have to pay the tax to their town government. HotellerieSuisse would like the other cantons to follow suit. “The users that pose a problem are not the ones who occasionally rent out their flat or room, but those who do it professionally. That’s unfair competition,” says Armin Hartlieb, Economic Policy Project Manager at HotellerieSuisse.

2. SEPARATE PROFESSIONALS FROM NON-PROFESSIONALS

This is one of the solutions suggested in several countries. The French Parliament has drafted a bill that takes a pragmatic approach to taxing collaborative platforms. Only people who earn more than €5,000 a year through the sharing economy would have to file and pay income tax on the amount they make. Below that threshold, individuals would be considered non-professionals and would therefore be exempt from paying tax. But the Parliament has yet to pass this proposal.
The collaborative economy has given rise to many examples of precarious employment. Freelance workers struggle to put in enough hours to provide a living or are paid an hourly rate that is too low to make a decent income. To make matters worse, they’re often excluded from social security schemes.

“[Users] don’t have any choice and have to go through Uber or TaskRabbit if they want to make any money.”

Claire Ingram, researcher at Stockholm University

At the same time, sharing-economy companies refuse to take any responsibility for their users or guarantee a minimum wage. They perceive themselves as platforms that connect customers with service providers, rather than companies that employ people. “However, these marketplaces set the prices that service providers can charge,” says Claire Ingram, a researcher at Stockholm University. “They don’t have any choice and have to go through Uber or TaskRabbit if they want to make any money. They’re trapped.”

INFORM CITIZENS
“People who work for platforms like Uber and TaskRabbit should be informed,” says Robin Teigland, a professor at Stockholm University. “They need to know how much they can really make and how they should pay their taxes to maintain their rights to government services.” In Sweden, the government has introduced educational programmes for workers in the sharing economy. “It’s the government’s job to organise these types of classes,” the researcher says.

2. SET UP UNIONS
Workers in the sharing economy are in an extremely precarious position. They can only be protected if a union is set up to defend their rights. “A freelancer alone doesn’t have the power to negotiate,” Robin Teigland says. “In the United States, Freelancers Union was formed and has improved working conditions. That’s the best way to negotiate a minimum wage.”

3. PAY UNEMPLOYMENT TAX
In 2015, a California court ruled that two Uber drivers were employees of the company and not independent contractors. As the court put it, Uber is “involved in every aspect of the operations” and has the power to dismiss drivers. Uber was forced to pay unemployment benefits for the two drivers.

4. RETHINK EMPLOYMENT CONTRACTS
Robert Reich, the former Secretary of Labor under Bill Clinton, states in an article posted on his blog that we should stop obsessing about classifications and definitions. “We should aim instead for simplicity: Whoever pays more than half of someone’s income, or provides more than half their working hours should be responsible for all the labor protections and insurance an employee is entitled to.”

SWITZERLAND TRAILING BEHIND

“Politicians fell asleep at a crucial point,” says René Lisi, president of Sharecon, the Swiss Sharing Economy Association. “We need some guidance. Issues should be discussed for each sector, to come up with concrete regulatory solutions. We have launched several appeals and organised seminars, but the government isn’t doing anything”. Centre-right politician Fathi Derder submitted a postulate with the National Council in December 2012 for federal action, but the proposal hasn’t yet gone through parliament.
“THE SHARING ECONOMY IS MAKING COMFORTABLE LIFESTYLES ACCESSIBLE TO EVERYONE”

Arun Sundararajan, the star economist from New York University, outlines the future of the sharing economy. He believes that health care and energy are the next industries to undergo the transformation.

Nicknamed “the sharing economy professor”, Arun Sundararajan is one of the pillars of New York University’s Stern School of Business. He is also one of the leading advocates of the crowd economy, pointing to how this participatory revolution generates growth, creates new opportunities for entrepreneurs and, most importantly, raises living standards for the poorest consumers.

Why is everyone talking about the sharing-economy these days?
The sharing economy is electrifying consumers and economists because it has brought about a new way of organising commercial trade. This economy is undergoing a phase similar to that experienced by e-commerce in the late 1990s. The volume of online transactions was still low at the time, but everyone was already expecting the revolution that was to come.

Is it really a new phenomenon?
The collaborative economy has been around for a long time. People used to stick up small ads at the supermarket or buy space in a newspaper. The first peer-to-peer sales website went online as early as the mid-1990s, with the launch of eBay. What changed things was the emergence of huge firms. Uber’s valuation is now higher than that of an average sized car maker. At the end of the year, Airbnb will be the largest short-term rental provider. With more than two million rooms listed, it is in some ways already the world’s biggest hotel chain.

What contributed to this large-scale development?
For one, the advent of smartphones. Everyone was equipped with a GPS-enabled device, high-speed internet connection and access to a number of applications. Then consumers gradually began to trust online platforms. That started with eBay, where people ran the risk of losing a bit of money.

“The proportion of people who make a living through these platforms will increase dramatically.”

And the trend continued with services like Blablacar, which asks you to trust a stranger and get in his or her car to drive you somewhere, or Airbnb, which lets you sleep at the home of someone whom you’ve never met. We’ve come a tremendously long way! The success of Facebook has also contributed to removing the anonymity of the internet.

Which sectors will develop next?
Peer-to-peer car rental, as with Drivy in France and Germany, is taking off. Other services, such as laundry and minor household tasks provided by TaskRabbit, will also develop. But the most promising – and the most attractive – is health care. In the future, we’ll be able to call in for a doctor or nurses as we do a taxi with Uber. Hospitals will be able to share the most expensive medical equipment. Energy is another fascinating industry, with batteries which will one day be sold to store electricity. Tesla CEO Elon Musk is currently developing some. That will revolutionise the energy market. Users will be able to store electricity when they don’t need it and sell it later at a higher price.
How should the sharing economy be regulated?
There are already 1.5 million Airbnb hosts and 500,000 Uber drivers in the United States alone. The government can’t regulate the businesses of all these individuals. There are too many. Rules will have to be enforced by third parties, set up and managed by the platforms themselves.

But won’t that lead to abuses? Uber and Airbnb could simply ignore the rules...
The government will oversee these self-regulating bodies. Don’t forget that it is entirely in the interest of these platforms to guarantee the safety of the vehicles and the standards of the housing they offer their customers. This type of system exists in other industries. Physicians’ and lawyers’ associations already work that way. The concept dates back to the Middle Ages, when merchants formed guilds to regulate their trades.

How can we make sure that sharing economy participants pay their taxes?
It would be too complicated to ask all platform users to file tax returns. Too many people are involved to collect too little money. Businesses operating in the sharing economy should instead have taxes deducted directly at the source when payment takes place, since the transaction goes through them anyway.

Can we benefit from all the data now collected every day by these sites?
Definitely. For example in New York, taxis have long been suspected of refusing to pick up African-American customers. But we’ve never been able to prove it. With new applications such as Uber and Lyft, we now know everything about the itineraries and customers picked up by every driver. Platforms could receive a notification for any inappropriate behaviour from one of their drivers. This system is already used by banks to detect any suspicious financial activity.

What will be the next big challenge for the sharing economy in the years to come?
The proportion of people who make a living through these platforms will increase dramatically, while the number of people with a full-time job will drop. But we don’t yet know what type of safety net will be created for these people. Their lifestyle doesn’t fit with typical structures, but we can’t ignore them. What should we do with them? That’s the main thing to figure out.

Does the sharing economy threaten the contract based on social security established after World War II?
All of my studies show that the overall economic impact turns out positive. The sharing economy will generate growth and help us use our resources much more efficiently. And it will mainly benefit people with slightly below-average income. These people, who didn’t have access to certain consumer goods, like a luxury car or a large apartment, can now enjoy them by renting on a peer-to-peer platform. The sharing economy is making lifestyles once reserved for only the wealthiest in our society accessible to everyone.
Two portfolios to combat uncertainty

The financial markets didn’t exactly start 2016 with a bang. With China’s equity markets teetering, global demand weakening, commodity prices falling and geopolitical tensions increasing, how do investors protect themselves? **Swissquote** came up with two thematic portfolios to help defend against current market volatility.

**Swiss Real Estate** provides a solid defense against impending market volatility arising from a place such as China. The combination of increasing demand and lower mortgage rates will keep returns on real estate assets high. Switzerland’s dynamic domestic environment offers high quality of life, political stability, competitive salaries and low taxes, ensuring that it remains a destination of choice for citizens and expatriates alike. According to the Federal Statistical Office, by the end of 2014, the population will likely have grown by 1.2% year on year, indicating a sturdy demand requirement on housing.

The weak economic recovery in Europe has forced the ECB to introduce a loose monetary policy, to which the SNB has in turn reacted by introducing negative interest rates and other policies to keep interest rates historically low. Not only will this support economic activity; it is also becoming a critical driver of the real estate market by lowering mortgage rates.

While high mortgage lending volumes have prompted Swiss regulators to intervene, higher bank capital adequacy requirements have driven investment back into real estate. With inflation expected to stay low globally, there is scant risk of a sudden rise in interest rates. Stagnating nominal house prices (after a very strong 10 year run), high valuations in the homeowner market and efforts by the Swiss Bankers Association to tighten lending might have cooled price appreciation for now, but demand remains robust and inventory tight, suggesting a continued uptick. While stock appreciation might be limited right now, the high dividend yields on offer make real estate stocks an attractive value investment.

**Rate Hikes in the United States**

In December 2015, after seven years of the most accommodative monetary policy in U.S. history, the FOMC voted for a quarter-point increase in its target funds rate, while three additional rate hikes are forecasted in 2016. To support the fragile ‘U.S.’ economy, the Federal Reserve had held short-term interest rates close to zero since the 2008 financial crisis. But many, including the Fed, believed the time had come to raise rates. An uplift in rates and shifting of the yield curve should create clear winners in the stock market. In theory, a rate rise should be negative for stocks as their value relative to bonds decreases. But recent history suggests that, since tighter policy indicates an expanding economy, stocks respond positively to rising rates. Not all stocks benefit equally, however, so it’s important to choose the right ones:

Companies that are in the business of converting interest rates into profit should outperform. Banks traditionally pay short-term interest rates on deposits and invest in long-duration securities so that their profits grow as the gap between the two widens. Payroll processors manage significant cash from businesses before paying it to their employees. This “float” is often invested in short-term instruments.

Insurers collect premiums that are invested in risk-free assets before being used to pay insurance claims. We put together this theme by filtering on ‘U.S.’ banks, payroll processors and insurance companies whose revenue is positively correlated with interest rates.
KATHERYN WINNICK

Deeply involved in the Arts since its early days, RAYMOND WEIL is thrilled to count acclaimed TV series Vikings’ leading star Katheryn Winnick as its new Brand ambassador. Her strong personality, natural beauty and undisputable charisma make her the perfect match for the independent Swiss watchmaker.

Join the discussion using #RWKatherynWinnick

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SUPERFORECASTING: THE ART AND SCIENCE OF PREDICTION
Philip Tetlock and Dan Gardner (Crown Publishers)

Superforecasting offers a scientific analysis of the art of prediction. The authors believe that prediction is not a divine gift but a talent that can be honed through practice. The best forecasters come from all sorts of backgrounds. They aren’t necessarily geniuses; they just have superior analytical skills that help them predict the future. Only instead of crystal balls, forecasters today use data and statistics. A fascinating read.

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THE RICH EMPLOYEE
James Altucher (CreateSpace)

In a world where startups abound, James Altucher offers a unique perspective: becoming an entrepreneur is not the way to get rich. He believes starting your own company isn’t a good idea. Although it could pay off big, 85% of startups fail. This book explains how to become a rich employee, by adopting a certain state of mind and following the right example.

From £22.-

TO READ

TO DOWNLOAD

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This new app from Instagram generates videos by stringing together a series of ten photos taken directly via the app at the simple push of a button. The videos last about three seconds and can be played forward, backward or in a continuous loop. You can also share them on Facebook and Instagram.

Free
Apple Store, Google Play

SnoreLab
GOT A SNORING PROBLEM?

Snoring interrupts sleep and can be bad for your health. This app serves as a recording device to measure how long you snore...and how loud. After analysing the results, the app offers solutions, generates graphs, proposes remedies and monitors your progress. Data is stored and can be useful if showed to a sleep specialist.

£3.59
Apple Store

Signal
PRIVATE MESSENGER

“Everyone has the right to communicate freely and securely,” says the creator of Signal. The idea behind the open source app is simple: Signal gains access to users’ contacts and encrypts all communications to hide them from the eyes of curious authorities...if the contact is also a Signal user, that is. If not, Signal sends that person a text message inviting them to install the app.

Free
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GoodReader
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Remember when you used to need a computer to read PDFs? Now you can read PDFs on smaller screens, with GoodReader. In addition to offering exceptional reading comfort, the app lets you annotate PDFs and view your annotations in Preview or Adobe Reader. You can also share and lock files.

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Life is short – so start thinking ahead.

Good fund management can be likened to the qualities of an elephant. This means we handle in a rational, intuitive manner with the benefit of years of experience. See for yourself: the mixed asset allocation fund Ethna-AKTIV from ETHENEA.

ethenea.com

For detailed information on the opportunities and risks, please refer to the most recent sales prospectus. The information contained in the sales prospectus, as well as in the current annual and semi-annual reports form the sole legal basis. The Key Investor Information Document, the sales prospectuses and the reports can be obtained free of charge from the management company ETHENEA Independent Investors S.A., 16, rue Gabriel Lippmann, L-5365 Munsbach or from the representative in Switzerland IPCconcept (Schweiz) AG, In Gassen 6, CH-8022 Zürich. Paying agent: DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, Postfach, CH-8022 Zürich.
Each issue of Swissquote Magazine delves into the image of a listed company through an element of communication or representation. In this first issue of the year, we focus on the logo of the new world leader in building materials, born from the merger between the French Lafarge and the Swiss Holcim.

Lafarge and Holcim: interlocked at the logo

BY SYLVAIN MENÉTREY

The L and H look like Tetris blocks converging with each other and interlock to form a single textual, taupe-coloured entity. The agreement became official last summer after arduous negotiations. The “merger of equals” between cement producers Lafarge and Holcim was symbolically sealed with a new corporate identity. An expert in symbols might decipher a vague French flag and a lead-in to the Swiss cross, alluding to the home countries of the two multinationals. After engaging in guerilla warfare against the merger project, which they deemed unfair, Holcim’s minor shareholders might understand that their fears have become reality: the darker L is biting off the crossbar of the fainter H in the new logo.

Others will regret the dull, wishy-washy colours, trendy tones in the construction sector over the past fifteen years. “It’s fairly typical of a merger,” says graphic designer Philippe Egger, former director of the master in art programme at ECAL arts and design school. “They want to remain neutral and move away from the previous logos of the two companies.” Not particularly original either is the character font, which looks like a slightly revisited version of the widely used “Avenir” typeface designed by Adrian Frutiger (namely in François Hollande’s 2012 presidential campaign).

This elegant, unassuming logo would seem to fit better in the air-conditioned corridors of fancy head offices in Zurich or Paris than the great outdoors, emblazoned on silos, cement lorries or freight cars. The group’s laconic communication on the subject suggests that it could be destined for a white collar career. “LafargeHolcim uses this identity at the corporate level, for a few specific markets in which the two previous companies were active and for Lafarge-Holcim Trading,” says group spokesperson Eike Christian Meuter.

That means both Lafarge and Holcim will continue operating under their respective banners worldwide. Holcim’s logo is powerful and abstract, an emblem combining the letters H and C. It can be interpreted in different ways, resembling the pictogram of an electric socket, a chemical formula or, with a bit of imagination, a figure with hair standing on end. The Zurich-based graphic designer Ernst Schadegg created it when Holderbank was successfully rebranded as Holcim in 2001.

The cement manufacturer no longer wanted to be confused with a bank (Holderbank is the name of the Swiss village where the company was founded by the Schmidheiny family). With its business district aesthetics, Lafarge-Holcim could continue to be mistaken for something it’s not.

Dr.
A Studio instead of a seat. That’s Flying Reimagined.

Discover the difference between a conventional seat and an actual Studio in Business Class on the new Etihad B 787 Dreamliner. Both spacious and private, our Studio provides a unique environment for all travelers to work, rest and play. It’s a do anything space where you can enjoy a ‘Dine Anytime’ menu, with expert guidance from our onboard Food & Beverage Manager. Or simply relax in the fully-flat bed. When was Business Class ever like this? Never.

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Formula E, the future of motorsports

Spectacular, urban and interactive, the electric single-seater championship is making F1 look like yesterday’s news. Lionel Froissart, a French journalist specialised in motorsports, presents his take on this fast growing form of motor racing.

BY LIONEL FROISSART

Formula E probably won’t replace Formula 1 altogether but will definitely offer an alternative in the years to come. This class of motor racing, featuring all-electric single-seaters, could in fact save high performance motorsports now considered by many as obsolete consuming too much energy and producing too much noise and environmental pollution.

The Formula E championship, currently in its second season, meets all these accusations head on. This form of racing was rapidly endorsed by the highest authorities in the industry, receiving the stamp of approval from the FIA (International Automobile Federation).

As if to better mark its territory, Formula E sets its schedule to avoid too much overlap with the Formula 1 championship, with races running from late October to early July. The idea is to capture the attention of “traditional” motor sport fans during the F1 inter-season period, while ushering in a new, younger audience more likely to be drawn by the innovation of races between single-seaters powered by clean energy engines.

This is, of course, not the only unique thing about the Formula E championship. Another notable difference is that racing takes place right before potential spectators’ eyes, in the very heart of major world cities. This season, races are scheduled in Paris, Buenos Aires, Mexico City, Moscow, Beijing, Los Angeles (Long Beach) and Berlin, pending the participation of countries which have historically snubbed motor racing, such as Switzerland, set to join the line-up as of 2017. Lausanne and Zurich have expressed their interest in the sport, made politically palatable by its ecological aspect and entertainment value.

Formula E also gets noticed, as expected, for being virtually silent. A bit of growling, whistling and sounds rarely heard on racetracks (brakes, screeching tyres, transmissions) disconcert the motorsports enthusiast accustomed to the deafening roar of high-powered internal combustion engines.

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engines. But that’s just a detail that even the most diehard fans end up getting used to, as long as excitement and competition are part of the formula. It could be the price to pay for the future of motor racing.

The CEO and main promoter of Formula E is the Spanish businessman and former politician Alejandro Agag. Unlike the ageing “F1 Supremo” Bernie Ecclestone, Agag relies heavily on interaction with the public, drawing on the infinite possibilities offered by social media. Before each ePrix (the official name for the races) fans can vote online to give their favourite driver an extra power boost, to be used during the race to overtake an opponent. The “FanBoost” system turns spectators and television viewers into active participants in the competition. For example, Swiss fans can band together and vote for Sébastien Buemi, one of the leading Formula E drivers who races with the e.dams Renault team and currently holds second place in the championship.

Browsing through the lively, well-designed official Formula E website (www.fiaformulae.com), users easily note that, in comparison, Formula 1 is clearly a product of the past century, now trying, belatedly, and laboriously, to follow the internet wave.>

A VERY URBAN CHAMPIONSHIP

2 April 2016
Long Beach (LA)

12 March 2016
Mexico City

19 December 2015
Punta del Este

6 February 2016
Buenos Aires

23 April 2016
Paris

21 May 2016
Berlin

24 October 2015
Beijing

7 November 2015
Putrajaya

4 June 2016
Moscow

2 July 2016
London
The Swiss racing driver Sébastien Buemi, formerly with the Formula 1 Red Bull Racing team, is really making his mark at the top of the Driver Standings driving for the e.dams Renault team in the Formula E championship. Flash interview.

Currently sitting at the top of the table in this Formula E season, Sébastien Buemi is well on his way to leading the e.dams Renault team to championship victory. Born in Aigle in the canton of Vaud, Buemi came in second for the 2014 season and says he loves being behind the wheel of his electric single-seater.

Do you enjoy Formula E as much as Formula 1?

Yes, the driving enjoyment is definitely there. All the drivers basically have the same car, which makes for some fierce competition. Purely in terms of performance, Formula E is closer to Formula 3.

How much room is there for technical advances with these cars?

The potential is very high. The earliest electric single-seaters had barely more than 140 horsepower. Today’s models produce 270hp, and for next year they could pack as much as 340 hp. The improvements to the batteries are also impressive. These innovations mean that the race will be longer and we won’t have to change cars in the middle, as we do now.

This new championship format focuses on interactivity with the audience. What do you think about this?

I like the concept of fans being able to vote and interact. The idea is to get out and meet people, as the races are held in city centres. It’s a great way to generate public interest. The interactivity fits perfectly with the young, urban philosophy of electric cars.

Constructors realised that they could benefit from Formula E to promote their image and ranges of electric cars. Now Renault, Jaguar, Audi and BMW are gradually moving into the sport. The involvement of major constructors will seal the future of the championship.

Could Formula E racing eventually compete against F1?

Its success will depend on the commitment from constructors, which have vast resources. This year, the races are already being aired on Eurosport and Rai in Italy. In the United States, where the races are re-broadcast on the Fox network, the audience has even surpassed Formula 1 (each Formula E ePrix is watched by an average of 1.4 million viewers versus 1.2 million for F1). So things are headed in the right direction.

INTERVIEW BY LUDOVIC CHAPPEX

ENTICING MAJOR MANUFACTURERS

This modern flair, and especially the electric technology, has attracted several big-name constructors like Renault. The French manufacturer immediately supported the project by coming on board as technical partner to Formula E. For the second season, Citroën (DS) and Audi have joined the list, as have BMW and Jaguar under partnerships.

Half of the drivers competing in this Formula have already raced in Formula 1

Television stations are following suit. This season, Eurosport began airing Formula E races in many countries, including Germany. In France, Canal+ subscribers can now also enjoy the sport.

In terms of performance, Formula E single-seaters are in no way comparable to F1 cars, but they zip through narrow and often spectacular circuits marked out against the aesthetic backdrop of the world’s major cities, making them intriguing to watch. The format of ePrix has also been designed to captivate viewers without letting them get bored. Races last about 40 minutes and take place as a one-day event held on Saturday, with qualifying sessions in the late morning before the drivers’ American-style parade and mandatory appearance for autograph signing. A few hours later in the middle of the afternoon, the race begins before returning the city to its regular inhabitants at the end of the day.

The limited power charge (ever-improving) of single-seaters has also introduced a spectacular element to the races, which are broken down into two legs. The first half offers the traditional spectacle offered by a standing start. The cars then compete until the “pit stop” about 20 minutes into the race. This pit stop is unique in that teams actually change cars, in line with very strict rules for obvious reasons of fairness and safety.
All the single-seaters are attractive, performance consistent and (Michelin) tyres identical for everyone, regardless of the race conditions; so it’s no doubt the quality of the line-up that adds an extra bit of excitement for the audience. Half of the drivers competing in this Formula have already raced in Formula 1, like the experienced racers Nelson Piquet and Jacques Villeneuve. Others have excelled in the fiercely disputed World Endurance Championship, while the rest of the drivers include young talents who have found an outlet for demonstrating their abilities in a highly competitive world championship.

In terms of money, it’s worth noting that the promoters themselves paid for the inaugural season out of their own pocket, investing more than €100 million to promote the event, organise the first races and prepare the cars. In their view, it represented an investment in the future and the prospect of attracting prestigious new partners.

That gamble paid off when two international media giants, Liberty Global and Discovery Communications, lent their financial support in March 2015 and have since become shareholders in the venture. This solidified the structure’s foundations and helped accelerate the revolution of electric vehicles.

Meanwhile, the FIA wants to make sure that team budgets don’t spin out of control to avoid the dangerous over-spending that plagues Formula 1. For the first season of the Formula E championship, each of the ten teams put together a budget of about €4 million for four cars and two drivers. This budget is expected to grow to €5 million or €6 million for the second season. But this amount is still small in comparison to the sums poured into F1 by the top teams, i.e. €370 million for the Ferrari team alone in 2015.

Now that the initial curiosity has worn off, ePrix organisers and participants can see if this form of racing has the potential to rival the reputation of Formula 1 Grand Prix and make a lasting mark on the history of motor sport.
Elegant and particularly well-suited for the ultimate immersive experience, curved screens are the latest craze in gaming. Now premium manufacturers are coming out with their own models.

Do you like your screen flat or round? The market seems to be answering that question with a preference for curves over the flat rectangular variety. To revive sales after two years of decline (down about 5%), television manufacturers are turning to curved screens. Korean electronics makers Samsung and LG spearheaded the movement in 2014, with big-name brands Sony and Panasonic now following suit.

Manufacturers promote these concave screens based on two main features – the feeling of immersion and significantly reduced glare. And experts agree. The effect created by the curvature of the set imitates our perception of reality. “The rounded nature of your eyeballs gives you peripheral vision too, so that you’re aware of the world extending around you to your sides,” writes the well-known American blogger John Archer, “… curved TVs try to replicate this sense of a world to the side of, as well as in front of you.” There’s one major hitch though. The sensations may be convincing on a diagonal display size of at least 78 inches (nearly 2 metres), i.e. very large sets, but the argument is less compelling with 48-inch or 55-inch screens, which are currently the market standard.

But perhaps that’s not the point? As John Archer points out, most people are “going curved” because of the classy, futuristic design. These high-end televisions look lovely and must reflect their owner. That’s now a reason to buy.

Other experts fail to see any technological advantage offered by these products. For instance, Tanguy Andrillon from the tech webzine and test site Lesnumeriques.com believes that curved screens are marketing gimmicks designed to boost sales, which have been sluggish over the past two years. The journalist is categorical, stating that concave screens are just a designer piece that the market is throwing at us to make us think it’s a novelty. You can judge for yourself.

Are ‘going curved’ for their classy, futuristic design

In any case, demand is there. In Switzerland, leading retailers Mediemarkt and Fnac have not reported any figures but point out that sales for curved-screen sets are “stable, or up slightly.” In terms of prices, Samsung’s 48-inch UE48H8080 model goes for about 1,400 Swiss francs.

**MULTIMEDIA**

**SOME OF THE HOTTEST CURVES AROUND**

BY MEHDI ATMANI

This 65-inch Ultra HD is Panasonic’s new flagship television set. The brand’s first model using the ultra-exclusive OLED technology displays images in perfect colours and blacks.

£9,999.–
A FUTURE IN GAMING

Although their utility is disputed for television, curved screens have in recent months found a new purpose in the niche market of gaming. Brands such as Acer, Asus and BenQ now bring computer gamers a most enchanting experience with their curved monitors. They have hit a winning formula combining a curved screen with a panoramic 21:9 display (aspect ratio of a cinema screen, but down-sized). Admittedly, the ubiquitous Samsung and LG (yes, them again) have already broken ground with this magic mix, but the new screens benefit from the latest enhancements that gamers adore: good responsiveness, low response times, automatic resizing, etc. All on a 34-inch (86 cm) diagonal, with BenQ offering a 35-inch model. Not bad for a computer monitor. All these features make the screens perfectly adapted to first-person gaming (FPS, car racing, flight simulations).

BENQ XR3501

With its dramatic curvature radius, this 35-inch panoramic monitor is primarily aimed at computer-game lovers. On par with display quality and responsiveness standards, but the set lacks the refined detail of its rivals. Starting at about €1,200.-

SONY KD-65S9005B

Less elitist than its competitor from Panasonic, Sony’s high-end Ultra HD model is available in two versions, 65 inches and 75 inches. A leader in its price range. Worth noting is the sound quality of its speakers. Starting at about €3,999.-

But be warned. The best 34-inch models have a price tag of at least 1,200 Swiss francs, roughly the price of a good television set. The choice is yours. ✤
TRAVEL

In the heart of rebel Kiev

Creative. Dynamic. Exciting. Ukraine’s capital is a mosaic of personalities just waiting to be explored now that the mood has lifted. Our reporter gave in to the temptation.

BY GAËTAN VANNAY | PHOTOS : NIELS ACKERMANN / LUNDI13
With its colourful and eccentric coworking spaces, its communist relics converted into bars, its magnificent historical centre and its paradoxical atmospheres — its population ranging from "Orthodox Old Believer to daring liberal — Kiev is not afraid of contradiction. Each day, or even at any given hour, visitors can feel as though they're in a completely different city.

One thing that is especially true today, despite a war waged in the east of the country — or perhaps due to it: Kiev is more vibrant than ever. The city's youths abound with energy, perhaps trying to break free from the dusty habits associated with Ukrainian politics and economics. They might draw on what they can of their complex history to carve out their identity and express themselves, getting into everything, everywhere.

Today, the heavy, imposing architecture of the past, symbolised by the city's official buildings, has to contend with pop-up bars and art galleries. Minimalist design abounds and re-contextualizes everything that surrounds it, old and new. Whether by choice or necessity, economic and political turmoil have heightened creativity.

The symbolic hub for this bustling city and its youth culture is Independence Square, where the Orange Revolution in 2004 and the Euromaidan clashes in the winter of 2013-2014 took place.

And then there's the music in the streets of Kiev. Visitors should let themselves be swept away.
The burnt and blackened cobblestones have been replaced, building façades have been or are being reconstructed, hidden behind enormous coverings. Only placed flowers and candles remain in memory of those who fell under the gunfire. The square now looks as it did before the turmoil, but has lost its former breeziness as a meeting place for young people and families. A solemn sadness seems to hover over the square. And there are revolving temporary exhibitions forever reminding onlookers what has happened here. The square has become a mandatory tourist stop, bearing witness to the country’s current history. It is like an open-air museum offering a life-size stage of the two historic events that took place a mere ten years apart.

Kiev is home to both the best and the worst, the old and the new, the historic and the temporary, the serious and the trivial. Luxury and lack cohabitate all too readily, although sometimes uneasily. To survive, a grandmother can sell the last books in her library right on the pavement just next to Arena City, the gigantic leisure and shopping centre built in a dubiously aesthetic design.

The square boasts a vegan cafeteria, frequented by hipsters, tucked away in the back of “Besarabsky Market”. This old circular building dating back to 1910 has 900 square metres of traditional food stalls. Regulars who’ve been coming for decades slip their fish, pieces of meat and cabbage into yellow plastic bags, counting their change through thick, heavy-framed, “made-in-the-USSR” eyeglasses.

**Minimalist design abounds and re-contextualizes everything that surrounds it, old and new**

**Revolution Grill**

Not quite your average restaurant and a perfect illustration of how everything is salvaged and recycled in the Ukrainian capital. Its chef and founder, fresh from cooking school in the United States, initially set up stands to make grilled food on Independence Square in the winter of 2013-2014, feeding protesters for free. He dubbed his concept “revolution grill”, and the name stuck when he opened the popular eatery.
The gems of the old city, St. Michael’s Monastery and Saint Sophia Cathedral, with their shiny golden domes wage a skyline war with the imposing presence of the central committee buildings of the communist party. Unfettered by this battle of architectural titans, young people sit on a bench in a small nearby park, designing a new website while connected to a public Wi-Fi network.

And then there’s the music in the streets of Kiev. Visitors might let themselves be swept away and follow it, under arches, into inner courtyards surrounded by the massive buildings of the city centre. They might follow it up or down myriad urban staircases to mezzanines where they could discover yet another cached café, which might be empty, with two waitresses so struck with boredom that they forget to serve you. But, come back later and you might find a room full of laughter and live music. No point in saying which of these cafés is the most fashionable today. It’ll change tomorrow. If you want to eat at any given one, chances are they just happen to be out of your choice on the menu (an old Soviet and post-Soviet quirk that lives on).

Another major symbol in the city is the national library. With its outdated procedures and methods, its countless little pieces of paper and tickets needed to get in, the library offers yet another stark contrast to the coworking spaces cropping up all over Kiev. At any time of day, these spaces are full of young people glued to their computers, programming, developing and putting together business or cultural projects. Visiting Kiev means being in the middle of a tug-of-war between two systems, with one that will not give up its hold, and the other refusing to be crushed. The city thrives on the tension between two forces, generating a rare strength and energy.

**Art Zavod Platforma**

Young people took over this old factory two years ago, turning it into a place for cultural exchange and events. It is still in process, the development of the property being taken up more rigorously by its owner and nearing completion.

**Practical information**

- Flights from Zurich to Kiev and Geneva to Kiev from 250 Swiss francs (return)
- Flight time: 3 hours
- Time difference: +1 hour
- Plan on a 30- to 40-minute drive from the airport to the city centre. The trip into the capital offers a lot to see (Dnieper River, the impressive extension to the city and monolithic monuments).
- Worth noting is that, two years after the revolutions that darkened the winter of 2013-2014, Kiev has once again become a peaceful destination. The city is not particularly dangerous for tourists, at least no more so than any other European capital. People can walk around in relative safety, day and night.
BOUTIQUE

A REINVENTED WHEEL

The French start-up Rool’In has recently come out with an optimised version of its electric wheel that can be fitted onto any bike. With its built-in motor and battery, the wheel can transform any bike into an electrically powered machine. The new model is quieter than its predecessor, offers more power and starts faster with pedalling.

www.rool-in.com
From about $700.-

REMOTE-CONTROLLED KETTLE

Now water for tea can be heated remotely with the handy new iKettle. This connected device can be programmed to the right time and temperature using a smartphone. And an alert announces when the steaming water is ready to be served. The boiling point can be maintained for up to 20 minutes, for a few extra minutes of snooze time.

www.smarter.am
About $150.-

CUSTOM FURNITURE IN A CLICK

Bespoke Edition, a brand new Franco-Swiss furniture maker, sells customised furniture online, crafted by some of today’s hottest designers. One of them, Charles Kalpakian, is the creative force behind the Kruse sofa. This stylish piece can be made to order using a 3D configuration system which covers several features, including size, fabric and colour.

www.bespoke-edition.com
From about $3,200.-
**B&O’S ANNIVERSARY BLOW-OUT**

Bang & Olufsen celebrates its 90th anniversary with the launch of BeoLab 90, a super-size, state-of-the-art loudspeaker packing in 18 loudspeaker drivers and 14 amplifiers at a whopping 137 kg! Featuring B&O’s new active room compensation technology, this sound powerhouse measures the acoustic impact on its environment to break down the sound and distribute it for optimal 360° dispersion.

www.bang-olufsen.com
$40,000.-

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**COOL RUNNINGS**

Lausanne natives Rodolphe Huynh and Salvatore Mandrà team up with the Swiss label Emyun to re-imagine standard jogging attire. The line is manufactured in Italy and includes leggings, pants, shorts, shirts and jackets. The 100% natural Merino wool fabric was selected for its high insulation and water absorption qualities to offer joggers a stylish, high-tech clothing.

www.emyun.ch
From $180.-

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**CHARGE OF THE LIGHT**

The Riggad desk lamp features an inductive charging pad for smartphones integrated into its base, with a discreet “X” marking the spot. This minimalist, shiny white, Qi-compatible light fixture is part of Ikea’s new line of furniture and accessories with built-in wireless charging spots.

www.ikea.com
$70.-

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**COACH IN A BALL**

Dribble intensity, release speed, shooting arc, backspin and more. The 94Fifty measures every move in detail. This connected basketball fitted with six sensors precisely analyses all game phases and sends the data to a mobile device using Bluetooth. Its built-in system can identify up to five players and suggest various exercises and training sessions.

www.94fifty.com
$199.95

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www.bang-olufsen.com
$40,000.-
**THE BIG BLUE**

The Tonda Metrographe by Parmigiani Fleurier, a steel timepiece 11.7 mm thick and 40 mm in diameter, features an “abyss blue” watch face with a matching Hermès calfskin strap. Its slender case is slightly asymmetrical, while the chronograph function shines bright, with the minute and hour counters outlined in a special material to make them glow in the dark.

www.parmigiani.fr

11,900.-

**GOLDEN MOMENTS**

At a time when watchmakers are constantly trying to outdo each other to come up with inventive ways of incorporating tech materials into their creations, Audemars Piguet defies today’s trends by bringing back the most classic of all metals with the Royal Oak Perpetual Calendar Yellow Gold. The Le Brassus-based manufacturer thus comes full circle, covering the model’s iconic octagonal bezel in yellow gold.

www.audemarspiguet.com

89'100.-

**ELEGANT THROWBACK**

The new star from Officine Panerai is the Radiomir 1940 3 Days Automatic Acciaio, with a design straight out of the 1940s. Featuring a polished, cushion-shaped stainless steel bezel measuring 42 mm in diameter, this Radiomir is water-resistant down to 10 bars and has a P.4000 calibre movement with an off-centre micro-rotor. And this is the first piece in the collection to flaunt a white dial.

www.panerai.com

9'400.-
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More information: www.goldman-sachs.ch/swisstadtos

If you have questions about our investment and leverage products, please contact us! You can call us at +41 (0) 44 224 1144 or send us an email: swisswarrants@gs.com. Goldman Sachs Bank AG, Claridenstrasse 25, CH-8022 Zürich, Phone: +41 (0) 44 224 1144, Fax: +41 (0) 44 224 1020, www.goldman-sachs.ch. © Goldman Sachs International, 2016. All rights reserved.
François-Henry Bennahmias was noticed by the director of watchmaker Audemars Piguet France while on holiday in St. Barths in 1994. At the time, the only experience Bennahmias had with timepieces was being the owner of one of the world’s largest Swatch collections. The former professional golfer, known for his strong temper, rapidly moved up through the ranks of the family-run company based in Le Brassus, Switzerland. After holding a position at the French subsidiary, he went on to work as business manager in Singapore and was then promoted to CEO of Audemars Piguet North America in 1999. His success eventually earned him the appointment as CEO of the entire Audemars Piguet group in 2012.

A KEY EVENT FROM YOUR CHILDHOOD?
My mother’s illness. I was 17 when she got sick. That ordeal changed the way I saw life. She is the reason why I want to enjoy every moment to the fullest.

THE PROFESSION YOU WOULD HAVE LIKED TO DO?
Broadway producer, police commissioner, best golfer in the world. The list is long!

YOUR SECRET HOBBY?
My passion for women’s shoes, but that’s no secret any more.

SOMETHING THAT INSPIRED YOU RECENTLY?
Meeting people from all different backgrounds, especially in New York, where you can meet some truly exciting people. I always come back totally motivated.

A SONG THAT SUMS YOU UP?
“Man in the mirror” by Michael Jackson.

A PLACE THAT MADE AN IMPACT ON YOU – AND WHY?
New York, because that’s where it all began for me: meeting people, success. That was the beginning of an exceptional period.

THE FILM THAT YOU WOULD’VE LIKED TO EXPERIENCE?
Awakenings, in the role of Robin Williams.

THE IDEAL MAN?
Not any better.

THE IDEAL ANIMAL?
The gnu! I’m joking.

SOMETHING CRAZY YOU DID RECENTLY?
Only one person heard about it.

YOU WIN 5,000 SWISS FRANCS ON THE STOCK EXCHANGE.
WHAT DO YOU DO WITH THE MONEY?
I take all my close friends out to dinner.

A BOOK THAT YOU RECOMMEND?
Anticancer by David Servan-Schreiber. Contrary to what one might expect with that title, disease only plays a supporting role. It’s a book about life, a guide for day-to-day living and an amazing lesson from a remarkable man, who – alas – has left us.

YOUR FAVOURITE WORD AND YOUR FAVOURITE SWEAR WORD?
My favourite word is “roudoudou”. As a child, I loved that shell-shaped candy and I love the roundness of the word. My favourite swear words are “espèce de truffe”, “pomme à l’eau” and the like. Like “nitwitted ninepins” or “pickled herrings” spouted out by Captain Haddock from The Adventures of Tintin, I love it when colourful language comes out in streams!
Invest in the most sustainable Health Care Fund: The Ronald McDonald Kinderstiftung™.

The Ronald McDonald Kinderstiftung is running seven parents’ houses in Switzerland. These houses are close to children’s hospitals: in Basel, Bern, Lucerne, St. Gallen, Bellinzona and Geneva. They provide a home away from home for parents so they can stay close to their seriously ill children, under the motto “Closeness helps healing”. To date over 14,200 families have spent a total of 116,000 nights in the Swiss Ronald McDonald Houses.

Help us with your donation. Thank you.

www.ronaldmcdonald-house.ch