



## INSEAD, Bankers, and Entrepreneurs Debate Ticino Region's Appeal

This year Switzerland topped the "Global Innovation Index" for the fourth time, according to INSEAD, Cornell University, and the World Intellectual Property Organization. Just how Switzerland, and in particular, the Canton Ticino, can maintain the pole position was the topic of the first event by the Ticino Chapter of the Swiss INSEAD Alumni Association, entitled *Ticino and Switzerland: Attractiveness and Competitiveness in an Increasingly Global World*. The business school's Swiss Alumni Association hosted more than one hundred business executives, investors, politicians, and entrepreneurs at the evening event in July in Lugano. The panel included Sergio P. Ermotti, Group Chief Executive Officer of UBS AG and Bravofly Rumbo Group founder, Fabio Cannavale. The region's basic business environment was discussed, threats to it, and ways to develop it. The resonance from the event was positive and is expected to lay the foundation for partnerships for growth. Organized by INSEAD Alumnus Roberto Italia, Senior Advisor to Cinven and CEO of Space SpA, the event was sponsored by UBS, Cornèr Bank, and Bravofly Rumbo Group.

[September 24, 2014, LUGANO] The Swiss typically have the pole position in any rankings that assess global innovation, but the country faces challenges. Labor costs, educational policy, business infrastructure and taxation have to be carefully managed and kept in balance in order to stay competitive. For Ticino, the country's fifth largest Canton, there are opportunities for development and growth, not only in private banking, but also in attracting entrepreneurs and businesses to expand further its economic and industrial base, according to leading business executives speaking at a recent Swiss INSEAD Alumni Association, entitled *Ticino and Switzerland: Attractiveness and Competitiveness in an Increasingly Global World*.



L to R: Sergio P. Ermotti, Lino Terlizzi, Fabio Cannavale © Corriere del Ticino

## Doing Business in Ticino

It might be better known for its Mediterranean weather, Rustico chalets, and unpretentious Dolce Vita, but Ticino is a great place to do business. Its offering is actually better than Ireland, according to Fabio Cannavale, an INSEAD Alumnus, who founded Chiasso-based Bravofly Rumbo Group, grew it to become one of Europe's largest online travel agencies and took it public on the Swiss Exchange in April 2014.

The region offers cultural diversity and one of the most progressive tax systems in the Swiss Federation. "Cantonal authorities aim to support business activity and to continue to address harmonized fiscal regulations," said Stefano Rizzi, director of the economic division of Ticino's Department of Finance and Economics (DFE). There is also the Fondazione Agire, a non-profit that supports entrepreneurship, investment in technology parks, and Ticino for Finance, an institution that enables financial investors to liaise with Ticino's public and private partners.

Regional authorities aim to be particularly supportive of mid-market businesses, according to Rizzi who added that a proposal for a new agency for regional marketing to increase the visibility of Ticino as a business-friendly region is underway.

## Take Risks, Diversify, and Make Long Term Plans

Clearly, local government can provide support but there are fiscal, regulatory, and labor policy issues facing Ticino, not to mention Switzerland as a whole, according to Lino Terlizzi, Deputy Editor of Finance at Corriere del Ticino and Swiss Correspondent of Il Sole 24 Ore. Changes in attitudes as well as fiscal change are required to keep Switzerland competitive globally, according to Sergio P. Ermotti, Group Chief Executive Officer of UBS. "Switzerland is a winner ... but the country still has a low propensity to risk. More risk-taking is required if a leading position is to be maintained in the future. Politicians and people have to make brave decisions by opening the economy. Switzerland can no longer afford to have prices of goods higher than in the rest of Europe," said Ermotti.



L to R: Richard Bissonnet, Stefano Rizzi, Lino Terlizzi, Sergio P. Ermotti, Theo Vermaelen, Roberto Italia, Fabio Cannavale © Corriere del Ticino

"This is no time for complacency. The private banking sector, here in Ticino and in Switzerland, plays a central role and enables the economy to be financed at good rates and conditions. It is still the engine of the economy here, but it is losing ground, especially in the fields of asset management and commodity trading," said Ermotti.

The region can learn from these developments. "Ticino has to become far more ambitious in its plans to support business activity," said Ermotti, adding that the strength of Ticino may lie in it being part of a small country because there is a tradition of trade and doing business internationally, much deeper than in larger more self-

sustaining countries. It has a solid foundation which has to be built on, for example, by expanding economic diversity, and by attracting entrepreneurs and industry to settle here.

### **Mid-Market and New Industries**

It is easier now than ever for entrepreneurs to compare and choose in which country to locate their businesses. Switzerland compares well, according to Cannavale. “Switzerland offered us better perspectives and conditions in terms of law and taxation, especially in the field of labor. The regulatory framework enables a more constructive discussion between business, local government and trade unions,” said Cannavale. The entrepreneur criticized Italy, France and Spain for bureaucracy and rigid banking systems. “It is difficult to set up a business in Italy,” said Cannavale. His experience with Credit Suisse and UBS was good, with the banks financing in a “reasonably rapid time” an important acquisition for Bravofly.

Ticino has to improve its regional marketing. “Ireland publicizes very well its 12.5% corporate tax, but Ticino’s banking system and infrastructure is more competitive, despite a 20% corporate tax on profits,” said Cannavale, adding that over the next five years Ticino authorities will have to balance populist pressures with the risk of ruining the good existing system.

The recent vote on quotas for EU workers and new EU Directives did not concern the speakers as much as other economic and competitive issues. Panelists said that Switzerland’s high minimum wage makes it “expensive” to hire middle managers. They expressed concern about the need to address the rights of non-residents who cross the border to work in Switzerland. And they pointed out that it can be difficult to find qualified workers in sectors outside of the digital economy and biotech, so industrial policy has to be clear and there is a need to develop a straight message about the business sectors the region aims to incentivize and pursue.

### **Growing Together**

After the distinguished speakers finished their presentations, participants engaged in



further debate and networking, not to mention enjoying the spectacular view from the event’s venue (see image left). The Apère Riche, which included several varieties of Ticinese wine, including an outstanding Merlot, provided a relaxed forum for the more than 110

attendees to exchange ideas, opinions, and business cards. The event will most likely have a number of follow-ups, with active roles being played by UBS, Cornèr and the Cantonal authorities. “I think we struck a chord in the business community and the resonance continues,” said Italia. (Reporting by Salvatore Bruno, Milan)

### **INSEAD and Switzerland**

There are deep ties between INSEAD, the business school that forges leaders, and Switzerland, which has innovation and entrepreneurship in its DNA, according to Richard Bissonnet, President of INSEAD Alumni Association Switzerland, and Managing Director, Rockcliffe Partners, who welcomed guests to the Ticino region’s first Alumni business event in July at the Hotel Villa Principe Leopoldo in Lugano, entitled *Ticino and Switzerland: Attractiveness and Competitiveness in an Increasingly Global World*.

There are ties between INSEAD and Switzerland both in terms of Swiss residents that are on the INSEAD Board of Directors Alumni and in terms of Alumni that are prominent managers and leaders in Switzerland, such as Johann Schneider-Ammann, Federal Counsellor & Swiss Secretary of the Economy, Andrea Orcel, Chief Executive Officer, UBS Investment Bank, and Franz Humer, Chairman of Roche AG, Diageo and of INSEAD. There are similarities in that both INSEAD and Switzerland have a flair for innovation. "The Swiss ecosystem favors and incentivizes innovation," said Theo Vermaelen, INSEAD Professor of Finance and UBS Chair in Investment Banking. So it is not surprising that Swiss Alumni tend to stay in Switzerland, while other Alumni are attracted to work and live here, both groups find rewarding careers in a competitive business environment.

Vermaelen spoke of fostering innovation in the MBA programme and courses. "INSEAD professors educate to enable graduates to change the legal and regulatory framework for business and finance," said Vermaelen. For example, Vermaelen taught MBA students about share buy-back transactions long before the regulatory authorities gave approval for this kind of transaction in Europe. (Reporting by Salvatore Bruno, Milan) ---ENDS