Open Innovation in Korea
: Perspective from SK planet

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Section I.
Open Innovation in Korea

Uniqueness of Internet and Mobile Industry in Korea

- 15th Year (est. 1999)
- Currently 35 Million users
- SNS platform service

- Wired/Wireless IM service
- More popular than MSN

- Best Korean search engine
- Has higher market shares in Korea compare to Google's in the U.S.

- Combined mobile membership
- Started earlier than Passbook

- Mobile Instant Messenger
- Currently 130 Million users
- Successful mobile platform

- Wire/Wireless social community
- Leading internet's public opinion

- Started as GPS Navigation with TPEG,
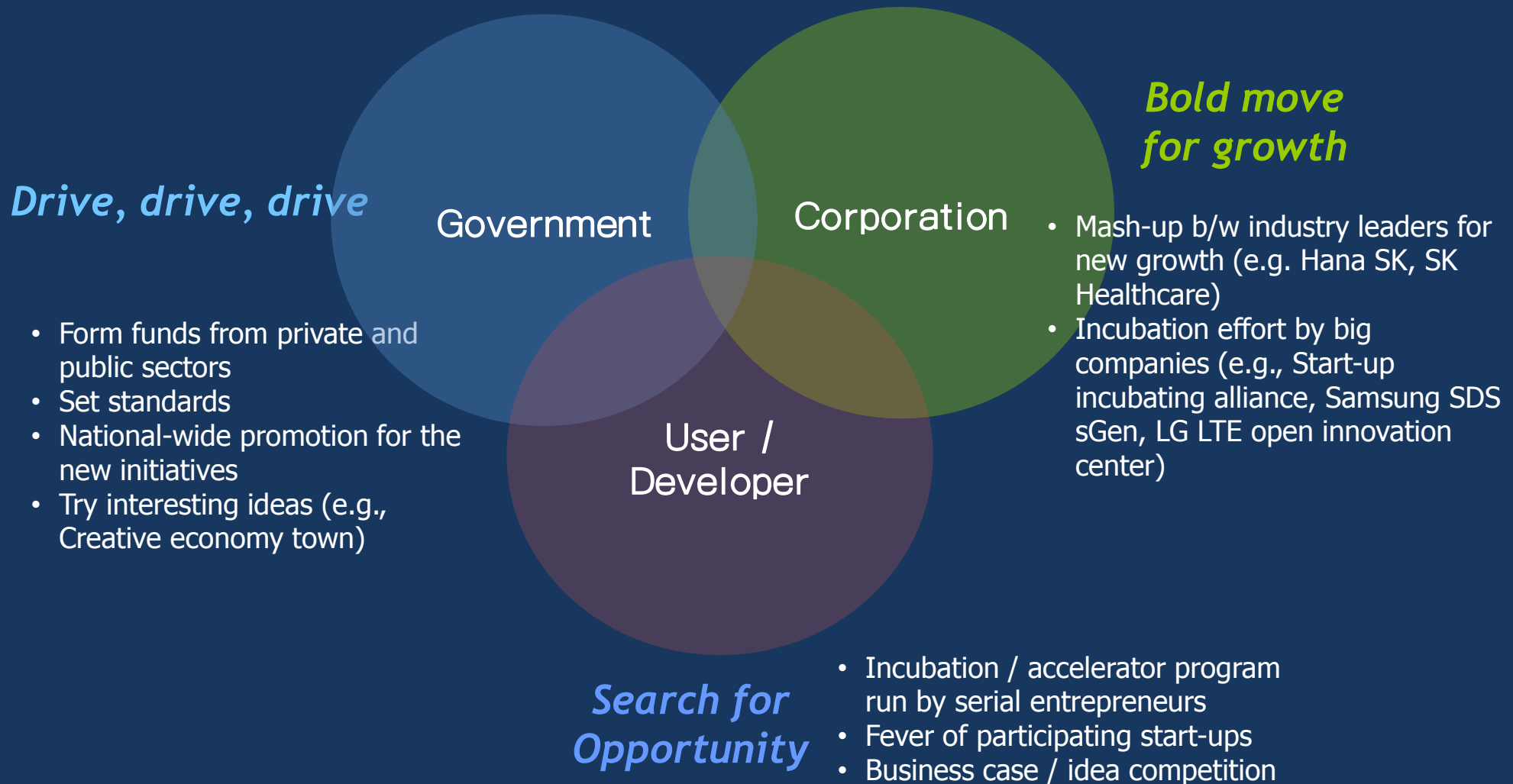- Uses cellular network to provide real-time traffic info.

- MIM based puzzle game
- Game based platform
- Developed to advertisement POC

- Food order / delivery service
- 7 Million downloads
- Advertisement POC, map linkage

- **High speed network**
- **High penetration rate of smart cellular phones**
- **Homogeneous market with high population density**

Three Drivers to Support Open Innovation in Korea

Drive, drive, drive

Government

Corporation

Bold move for growth

- Form funds from private and public sectors
- Set standards
- National-wide promotion for the new initiatives
- Try interesting ideas (e.g., Creative economy town)

- Mash-up b/w industry leaders for new growth (e.g. Hana SK, SK Healthcare)
- Incubation effort by big companies (e.g., Start-up incubating alliance, Samsung SDS sGen, LG LTE open innovation center)

User / Developer

Search for Opportunity

- Incubation / accelerator program run by serial entrepreneurs
- Fever of participating start-ups
- Business case / idea competition

How the Drives Have Progressed

	1st Period (Government)	2nd Period(Corporation)	Recent Trend(User)
Participant	First driven by government-based industries	• Maintaining momentum of government initiatives • Investment of large corporations for seeking opportunities • Participation of small players just to keep up with trend	• New leaders from no-where; small players and individual users • Leaders in web keep momentum in mobile era • Serial entrepreneurs
Direction	Technology/infra innovation	Business and product innovation	Assimilation with global market & global market entry
Example	• Digital broadcasting • CDMA	• NATE ON / OK CASHBAG • Transportation card • Mobile credit card	• Kakao • Line • 배달의 민족

Three Drives Result In Innovative and Unique Products

Government

Business

Developer
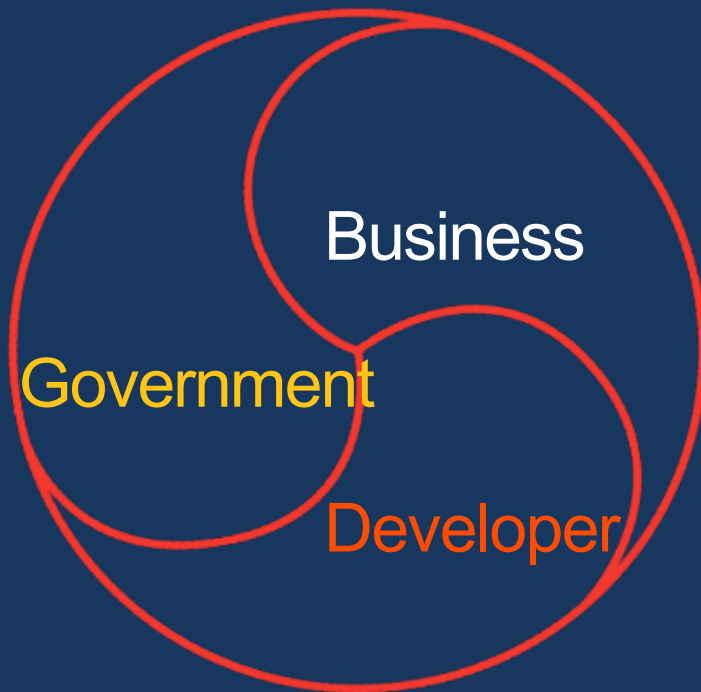
Product/Platform
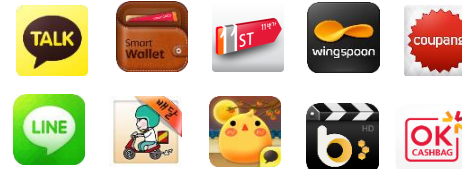
- Mobile IM
- Social commerce
- Reference
- Lifestyle

Monetization

- Advertising
- Distribution
- Publishing

Section II.
SK Planet and Its Open Innovation

Who SK planet is

Digital Contents + **Integrated Commerce** + **Marketing Communication**

Global

Inspiring **everyone** on the planet

H.U.G.(Human, Unique, Global)

Through mobile-centered creativity and technologies based on a profound understanding and insight on humans,

we provide a product that works worldwide

S.K.M.S.(SK Management System)

What SK planet Provides
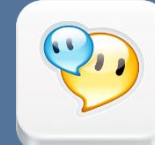
1 **Open Innovation Support**

2 **Product Development**

Constructing Ecosystem

Open Platform

Providing Infra

Top-tier Product

Stepwise approach for product development lead to success in the market

Uniqueness of Promoting Open Innovation

T Academy

Mobile IT professionals Training
- Over 80 self-developed courses
- Online video lectures
- Community building and cultivating potential startups.

Test Center

R&D test environment support
- Platform standards
- Network compatibility and billing
- Device compatibility test

Open Innovation Center

Business model materialization support
- Idea proposal
- Office space and development
- Environment

Open API Project

Open API provision and support
- Technology advice
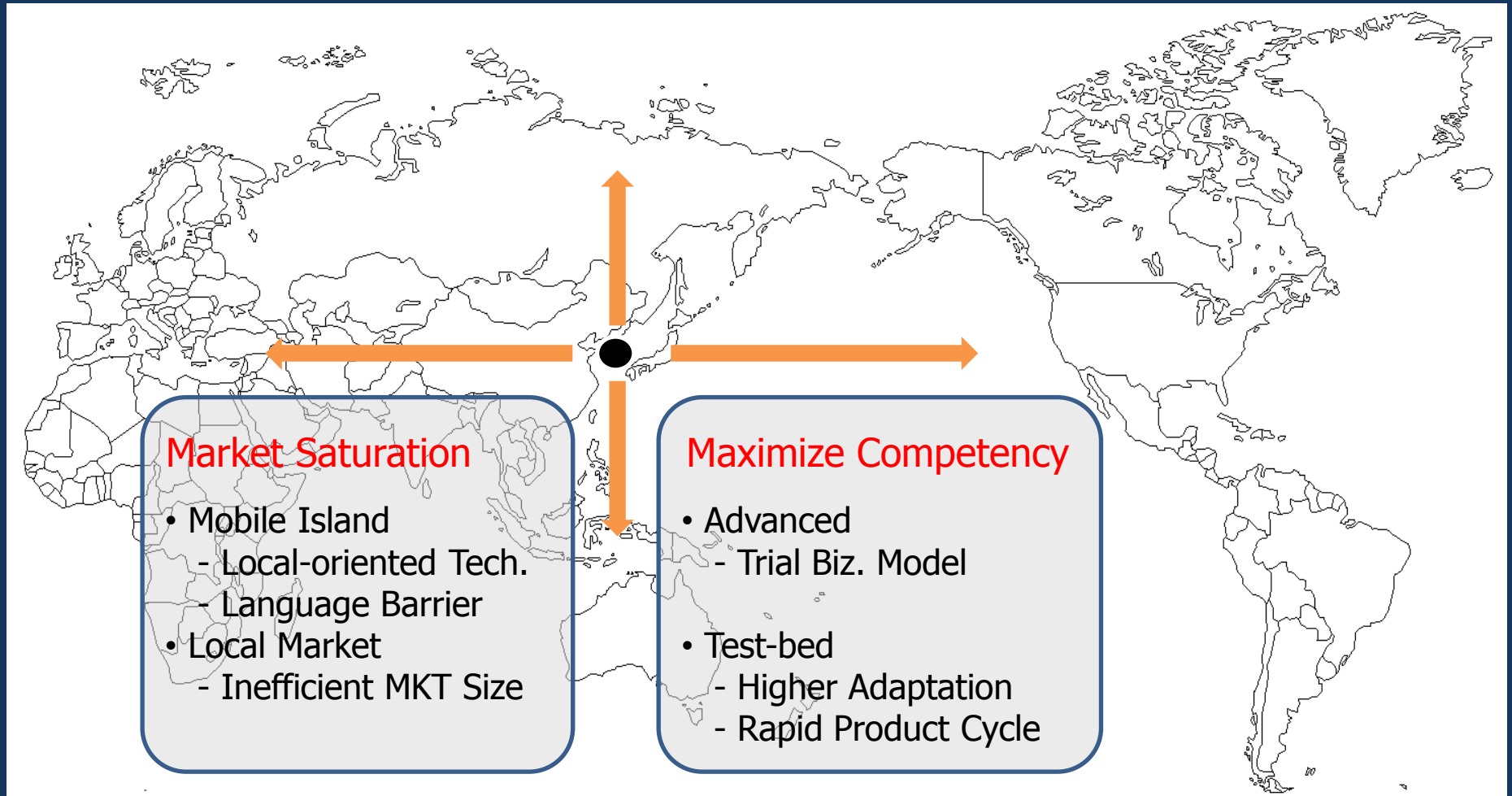- Marketing Promotion Support

Startups Acceleration

Incubation & Networking
- Global launch via "Kstartup"
- Selective Mentoring in OIC
- Well-established Acceleration schedule
- Seminars/Conferences/Networking

Sustainable Development Fundamental

Leading Cooperative Growth

Challenges of Fostering Vision Only in Korea

Market Saturation

- Mobile Island
  - Local-oriented Tech.
  - Language Barrier
- Local Market
  - Inefficient MKT Size

Maximize Competency

- Advanced
  - Trial Biz. Model

- Test-bed
  - Higher Adaptation
  - Rapid Product Cycle

Why US and Global Market for SK planet

SK planet

US Market Opportunity

- Bold to try and solve big problems

- Know-how, assets and resource to leverage

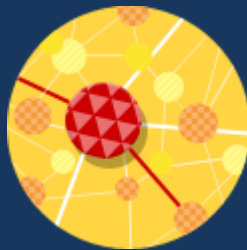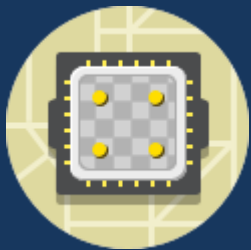- Can fully leverage test bed, Korea

- Experienced management

- The most innovative and biggest market

- Business opportunity that fits strategic direction of SK planet

- Longer-term: IPO

Section III.
New Initiatives of SK Planet
in the US for Open Innovation

Lessons From Trials: SUCCESS and Failures

- **Tried to localize successful product/business in Korea**

- **Decision making led by Korean, not by local people**

- -

- **From the beginning, planned to target the global market.**
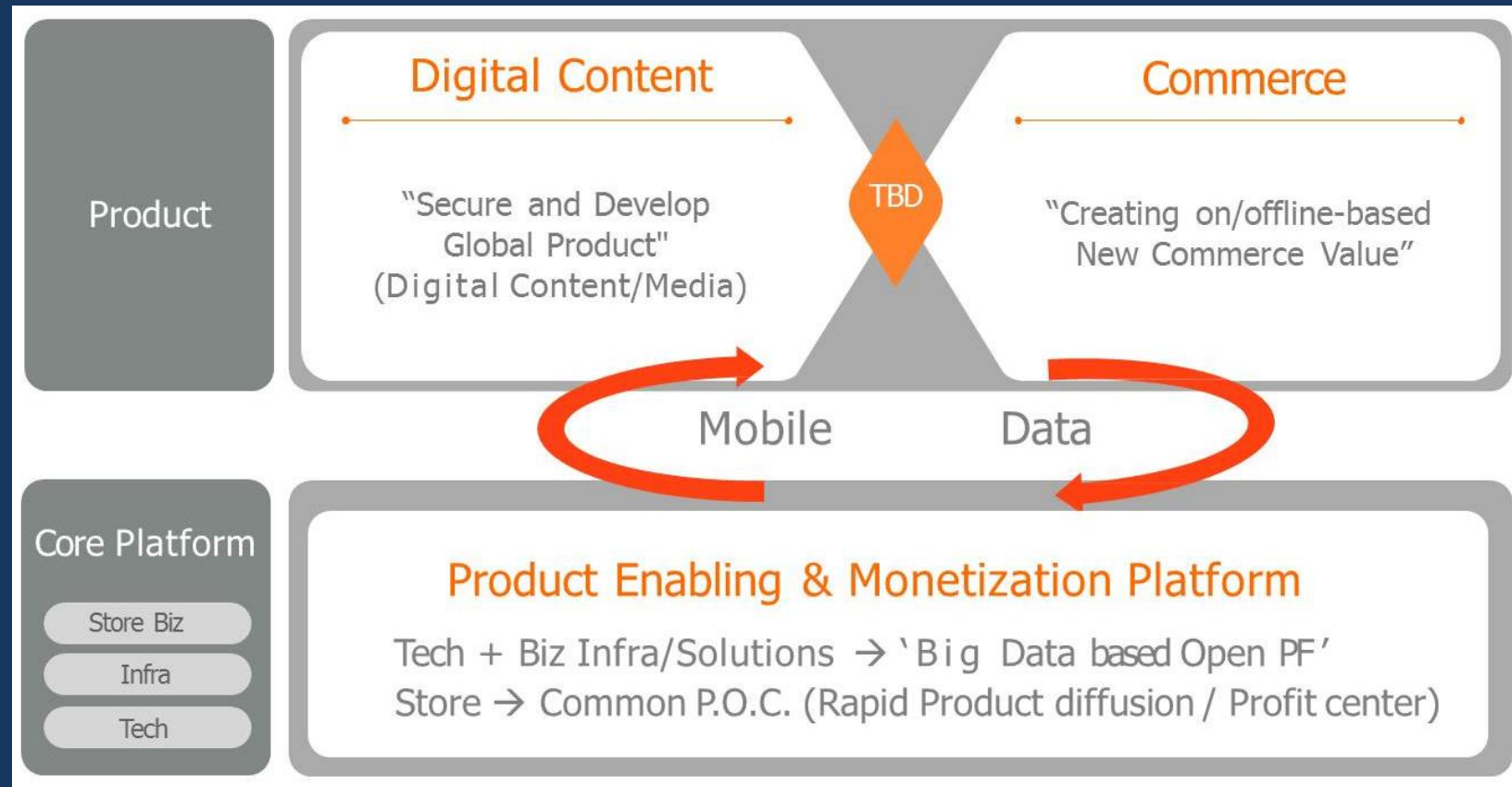
Wider Than

- Authority on decision making for the local team

- Work with local people, led by local people

- Target US customers from the beginning

- Transfer SK planet's competitive edges from technology to business operation

- Patience

Goal and Strategy

Goal : Create opportunities in mobile commerce in the U.S. market

How to Execute the Strategy

Mobile to Online Commerce

- Provide content-commerce products
- Construct 3rd Party Content Enabling P/F

Mobile to Offline Commerce

- Resolve behavioral gap between consumption of mobile content and offline purchases
- Provide monetary value (Membership points, discount) to users, and provide marketing solution to office merchants.

Traffic Generation

- Utilize existing assets in new product.
- Promote initial entering of vertical market

Organic & Inorganic approach

Uniqueness of SK Planet to Pursue Open Innovation in the US

Asia → **SK Planet, Inc.** → **US**

3rd Party

Building Product +
Service/Business
Operation

3rd Party
(Opportunities for
Asian Market)

✓ Strengthen existing service, & business operation area (SK Planet)

✓ Expanding network and resources in U.S. by Asia-based foundation
   (Centered around Korea)

✓ Offering Asian mobile business Opportunities for the US Companies (Bridgehead)

✓ Creating synergy by combining Korea and U.S.'s 3rd party organically

Besides Main Business, More to Try for the Community

SK Planet's Open Innovation Activity from Korea to the U.S

- Business model materialization support
- Incubation & Networking
- Open API provision and support
- R&D test environment support
- Mobile IT professionals training

✓ **Opportunity for education and employment (Community)**

✓ **Direct support in business opportunities (Community)**

✓ **Co-commercialization through joint development (Community)**

✓ **Secure market/technological expertise from community(SK Planet)**

Section IV.
Conclusion

inspiring everyone on the planet

Wrap Up

- **Uniqueness and innovation in Korea internet/mobile market**
- **Government's drive initially, later led by big and small companies and users**
- **SK planet's pivotal role in open innovation in Korea**
- **Mission for the global market entry**
- **Unique but challenging strategy that will be deployed under clear disciplines from lessons learned**
- **Contribution to open innovation again the US**

Q & A

Why US and global market for SK planet

SK planet

Core Competency

- Operational know-how
- Content merchandizing
- Partnership

Experience

- Integrated commerce
- Content of traffic to monetization

US Market Opportunity

- Emerging mobile commerce needs huge capital and time

- Low gap between first and second mover on mobile commerce

- Lack of transferring content or traffic to monetization